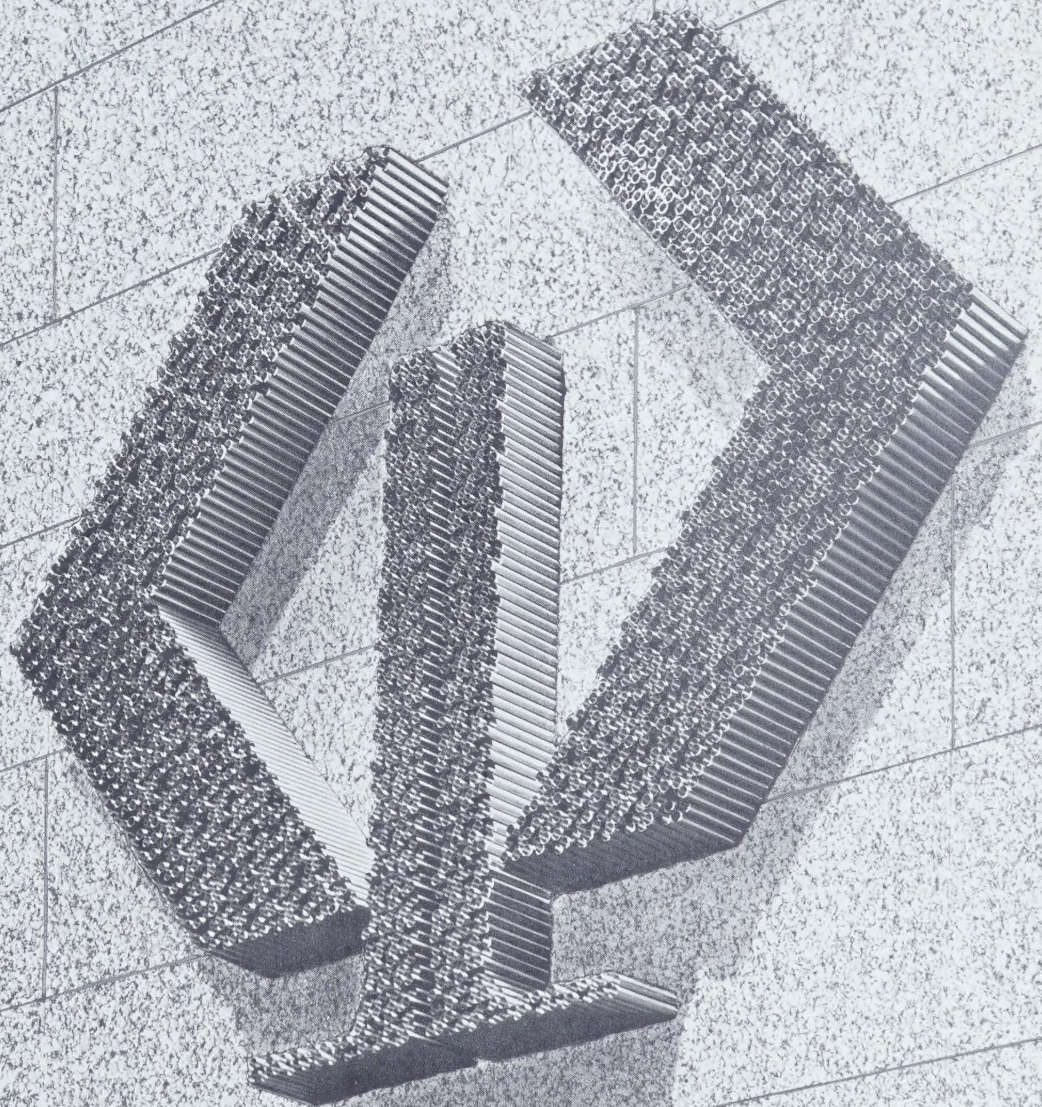


AR29



CANADIAN IMPERIAL
BANK OF COMMERCE

Annual Report 1980



Contents

Chairman's Remarks.....	1
Highlights.....	20
Financial Review	21
Financial Statements.....	24
Ten-Year Statistical Review	32
Board of Directors	36
Executive Officers	38
Offices of the Bank.....	41

Sur simple demande, nous nous ferons
un plaisir de vous faire parvenir la
version française du présent rapport.



Russell E. Harrison, Chairman and Chief Executive Officer

Response and Initiative: Essence of the Eighties

*A report to the Shareholders
by Russell E. Harrison, Chairman
and Chief Executive Officer*

Looking back on the first year of this new decade, I think we would all agree that we are entering a period of increasingly rapid change and mounting turbulence. Furthermore, there is every reason to believe that uncertainty and stress will be among the dominant characteristics of the Eighties—politically, socially and economically.

It takes only a little foresight to conclude, therefore, that our survival and success—as individuals, as citizens, and as business

people—will depend to an unprecedented degree on our capacity to respond, quickly and intelligently, to changing conditions, changing viewpoints and changing lifestyles in a world of high technology, instant communications and ideas in ferment. This truth is manifested every day, on the world scene, within the framework of our nation, and in our ever-more-complex business environment.

Awareness and response are crucial to our survival but they are not in themselves sufficient; they must engender bold and courageous initiatives, they must inspire originality in thought and innovation in management techniques.

At the outset of this Report to our Shareholders, I would like to spend some time in discussing this theme of "Response and Initiative" and to indicate to you how Canadian Imperial Bank of Commerce is endeavouring to respond to current issues and to apply innovation to virtually every segment of our operations.

I believe that our sharpened concern for response and innovation is already highly visible: in the comprehensive reorganization of human resources at the top levels of our management structure; in the technological improvement of service facilities which represent a response to the wishes of our customers for greater ease and convenience in their banking transactions; in the formal codifying of our business principles, meeting the challenge of change in public attitudes; in the development of corporate communications that recognize the increasing sophistication of today's better-educated public; in flexible and innovative banking procedures which respond to the requirements of dynamic national and global economics.

I freely acknowledge that our Bank's performance—our "bottom line," to use an overworked expression—has recently been less satisfactory than any of us would wish. It is my responsibility to turn that performance around. We already have our plan in action and our utmost energies in fiscal 1981 will be devoted to ensuring its success.

Before we discuss the changes that have been made, let us examine some of the fundamental reasons why the past year produced such disappointing results.

Despite substantial growth in assets and loans, our balance of revenue after income taxes dropped 5 per cent from the previous year. This setback was due mainly to a significant squeeze on interest spreads, but other contributing factors were the high and rising costs of operating the most extensive branch system in Canada and the sizeable increase in the funds required to cover real and potential loan losses.

Our assets at the end of fiscal 1980 amounted to more than \$55 billion, up 21 per cent from 1979. Loan volume was up 19 per cent and corporate customers increasingly used bankers' acceptances to raise funds in the commercial paper market. Overall, our securities increased by 3 per cent, with holdings of Treasury Bills up, Canada bonds down, and little change in the level of other securities.

The central bank's curbs on money supply have resulted in low growth rates for demand and chequing deposits, while high interest rates have encouraged the continued strong expansion of savings and term deposits.

EROSION OF INTEREST MARGINS

Our balance of revenue after taxes was down to \$192 million from last year's \$201 million, with earnings per share dropping to \$4.90 from \$5.14. The key factor was a reduction in net interest spread on average assets to 2.41 per cent from 2.65 per cent the previous year. This erosion of our interest margins took place in the Bank's domestic business and, ironically, it stemmed largely from the Bank's success in recent years as a leader in residential mortgages and consumer loans of the fixed-rate instalment type. While the rates

earned by these types of assets are set at the beginning and remain unchanged, the interest rates paid on personal savings and term deposits have risen rapidly over the past two years.

Our 1980 loan loss experience—comprising loan write-offs and allowances for doubtful loans—amounted to \$218 million, compared with \$97 million in 1979. This includes a \$100 million allowance against loans to Massey-Ferguson Limited and its subsidiaries.

Massey-Ferguson is currently engaged in negotiations to refinance its debt and raise additional equity capital. Completion of negotiations is expected in the near future, but a successful outcome cannot be viewed as completely assured. Accordingly, it has been considered prudent to reserve \$100 million against these loans, representing our estimate of the loss which may be incurred if the company's refinancing efforts fail.

Loss experience on loans is charged each year against Accumulated Appropriations for Losses. Concurrently, a provision for losses on loans is added to Accumulated Appropriations, and is reflected as an expense of operations in arriving at Balance of Revenue. This provision is calculated in accordance with a formula prescribed by regulations under the Bank Act, and it takes into account five-year average loss ratios and the current level of loans.

The provision for losses on loans amounted to \$163 million in 1980, compared with \$106 million in 1979. The additional allowance of \$100 million on loans to the Massey-Ferguson group resulted in

a \$29 million increase in the 1980 provision for losses. This specific provision has the effect of reducing balance of revenue after taxes by \$14 million for the year. If this allowance is not required, it will be reversed and will reduce the loss experience, and consequently the annual provision for losses, in a future year. On the other hand, if a loss is finally sustained on the loans, there will be a continuing impact on the required annual provision for losses for the next four years.

Overall, then, it was a very difficult year for our domestic operations, confronted with narrowing interest spreads and higher loan loss provisions which could not be fully offset by higher service revenues and operating expense efficiencies. Domestic earnings declined to \$107 million in 1980 from \$144 million in 1979.

On the other hand, our international operations had a reasonable year, with earnings increasing to \$85 million from \$57 million in 1979. Asset levels rose and interest spreads held firm. In addition, earnings benefited from unusually high, and possibly non-recurring, revenues from gold and silver sales, foreign exchange activity, and loan fees. Our return on international assets improved to 0.53 per cent, the best level for a number of years.

Our 1980 net earnings of \$192 million were distributed as follows: Dividends to shareholders of \$71 million, a transfer to Accumulated Appropriations for Losses of \$50 million, and the addition of the remaining \$71 million to shareholders' equity through adding \$70 million to Rest Account and the residue to Undivided Profits.



International Banking

Left to Right—R. Donald Fullerton, Vice-Chairman and President; A. L. Flood, Vice-President, U.S.A.; I. R. Harrison, Vice-President (Credits); C. E. Langston, Vice-President and General Manager; (Not Shown—D. J. Griffiths, Vice-President and Special Assistant to the Vice-Chairman and President; R. A. McKerroll, President, California Canadian Bank; P. H. Nickels, Vice-President, Europe, Africa and Middle East).

Accumulated Appropriations for Losses—which represent the Bank's reserves to meet unknown but possible losses on loans and other assets—were reduced during the year by the excess of loss experience on loans over the amount of the provision for losses reflected in the earnings for the year. The transfer of \$50 million to reserves out of the earnings for the year, referred to in the preceding paragraph, raised total reserves to \$362 million. Income tax relief is granted on General Appropriations which at \$60 million are at

the maximum level permitted by the Minister of Finance. The balance of \$302 million represents additional reserves accumulated out of taxed income.

This has been a brief overview of how and why our balance sheet was so adversely affected in 1980. I now propose to deal at length with the actions the Bank is taking to rectify the situation and strengthen our performance.

We have moved quickly to take advantage of the opportunities provided by the new

Bank Act to broaden our financial resources. Our authorized capital will be increased substantially through the creation, for the first time, of Commerce preferred shares. We will have the authority to issue up to 30 million Class A and 30 million Class B and each of these categories could eventually raise \$750 million. The first series of Class B will be offered to the public with a convertible option. Funds raised in this manner will provide a larger and more efficient capital base to finance the expansion of our domestic and international business during the 1980s.

Our planning is aimed at achieving a significant improvement in our domestic earnings for 1981. The problem of high operating expenses is being tackled through a program to reduce administrative costs and to rationalize the branch system to make it more cost-effective and profitable.

In his recently published book, entitled "*Managing in Turbulent Times*," the noted economist Peter Drucker leads off with a simple statement which I think is fundamental to the conduct of business in today's climate. "In turbulent times," he writes, "the fundamentals have to be managed, and managed well." The fundamentals, as he defines them, comprise liquidity and financial strength, productivity, and the perceived costs of staying in business during a future which will continue to be beset with inflation.

I want to stress that the prudent management of such fundamentals—through response to change and through initiative in anticipating and overcoming the chal-

lenges of the future—will be the keynote of our Bank's business posture throughout the Eighties.

RESPONSE AND INITIATIVE: DEPLOYMENT OF HUMAN RESOURCES

It cannot be overemphasized that, because we are essentially a service business, our human resources are our greatest asset and it is vital that they be deployed with maximum effectiveness in an increasingly complex and competitive banking environment.

The reorganization of our executive management responsibilities, undertaken last August, reflected recognition of the need to broaden our top-level resources. The appointment of three vice-chairmen and two executive vice-presidents was a highly visible move to make the Bank more aggressive and effective in the development of new business both in Canada and abroad.

Each of the vice-chairmen has undertaken a challenging task in this new division of responsibilities, and each is reporting directly to me.

Mr. Donald Fullerton has assumed the overall direction and strategic planning of the Bank's growth in the international sphere. He is there to ensure that we maximize our growth opportunities and exert extra initiative in that important sector.

Mr. John Hilliker's mandate is to take steps that will put our branch system on a profitable basis from coast to coast and improve our performance in such key areas as consumer finance and the mortgage market.

Mr. Charles Laidley's assignment is to make certain that we are more alert and responsive than ever before to the needs of our corporate clients, because this is an area in which the competition is going to become exceedingly keen.



Domestic Regions

- 1 John A. C. Hilliker, Vice-Chairman
- 2 D. A. Lewis, Senior Vice-President
- 3 R. G. Russell, Vice-President and General Manager
- 4 J. M. Brooks, Vice-President, Mortgage Division
- 5 J. E. Wightman, Vice-President, Consumer Division

Vice-Presidents and Regional General Managers

- 6 T. P. C. Morris, Ontario Central East
 - 7 J. G. Anderson, Alberta North and Northwest Territories
 - 8 M. J. M. Casavant, Montreal
 - 9 J. B. Rogan, Saskatchewan
 - 10 R. J. Bisset, Ontario Central South
 - 11 W. F. Spence, Ontario South West
 - 12 P. F. Leger, Quebec
 - 13 J. D. Hazelton, Toronto City
 - 14 F. E. K. Udell, Vice-President and Manager, Commerce Court
 - 15 C. J. Shirley, British Columbia, Vancouver and Lower Mainland
 - 16 H. G. Mills, Ontario Central West
 - 17 J. D. Simpson, Atlantic
 - 18 R. N. Brady, Ontario East and North
 - 19 J. D. Haig, Manitoba
 - 20 V. R. B. Nordheimer, Alberta South
 - 21 G. W. Lewis, British Columbia, Vancouver Island, Interior and Yukon
- (Not Shown—G. T. Ormston, Senior Vice-President, Toronto City)

In these turbulent times, successful management cannot depend on rigid formulas. To cope with an unpredictable future, we must be prepared to make whatever ongoing adjustments are necessary—in our thinking, in our planning, and in our organizational restructuring.

In concert with this strengthening at the top, we are implementing a human resources deployment policy, the essence of which is to move more and more qualified people from staff functions into front-line customer-related positions.

This will necessitate some degree of re-training but, along with our technological advances, it will serve to enhance the quality of customer service at the branch level across the country.

This redeployment of personnel entails the implementation of major reorganization strategies on a regional basis. A “model” case-history of this kind of broad

strategic planning is provided by the recent reorganization of our Toronto-based regions.

The objectives are: to effect a significant reduction in overheads; and at the same time to place ourselves in a fully competitive position to acquire and service new business.

The strategy designed to achieve these objectives also has two components: to centralize administrative and staff functions while maintaining the responsibility and accountability of the Regional General Manager for all banking operations under his jurisdiction; and to reduce the number of people employed in administrative and staff capacities while augmenting the number of persons employed in the direct servicing of banking business.

RESPONSE TO INCREASING COMPETITION

The reorganization in the administration of our Toronto-based regions has resulted in a meaningful reduction of the personnel required to maintain our high standards of customer service, along with a corresponding reduction in costs without loss of operational efficiency. I should add that such staff reductions, wherever they occur across the country, will be accomplished largely through normal attrition.

An important initiative within this framework of reorganization is to create a versatile, multi-purpose corporate banking group which can assume line responsibility for specifically identified accounts. It will also be able to negotiate project financing, mergers or acquisitions before turning over ongoing responsibility to the branch of account, and assist Branch Managers in acquiring new accounts and handling difficult situations.

The rationale for this comprehensive regrouping of corporate banking responsibilities is an innovative response to the

increasingly intense competition from both domestic and foreign banks in the Toronto market, where a high degree of specialization is required. It permits "double-teaming," a concept which is demonstrably effective in dealing simultaneously with existing accounts and new prospects.

I have cited this Toronto-based regional reorganization at some length because it represents the kind of innovative human resource deployment that we will continue to initiate in response to changing needs and changing market conditions. We believe that the overall calibre of our personnel is extremely high and we have confidence in their ability to cope with the turbulence of today and tomorrow and to turn it into new opportunities for themselves and the Bank.

RESPONSE AND INITIATIVE: IN PURSUIT OF PROFITABLE GROWTH

In the past, the number of branches operated by a chartered bank was a valid measure of its access to relatively lower cost funds derived from customers' deposits. Today, by contrast, an increasing proportion of our funds stems from higher cost savings and term deposits and the money markets.

Concurrent with this trend has been the growing strength and competitiveness of foreign banks on Canadian soil, concentrated in the major metropolitan areas and operating with an extremely favourable revenue-to-expense ratio.

The response of the Commerce to this situation must be the further rationalization of our branch network: adding facilities where they are economically viable and eliminating marginal operations whose continuance can only mean an unwarranted drain on our resources.

It is our intention, throughout 1981, to open a number of branches in growth

areas but to close others whose future is unpromising. The net result will be a substantial reduction in the numerical size of our branch network and, more importantly, the overall cost of maintaining it.

While profitability must be a fundamental criterion in the trimming of our branch network, it will not be the only one. We will carefully consider the degree of disruption or inconvenience which could be caused by a scheduled branch closing. We will pay particular attention to the availability of alternative sources of banking service and, in every instance, we will act with courtesy and consideration for our customers and the community.

Another significant initiative that exemplifies our drive to achieve efficiency with economy, making the best possible use of resources, is the forthcoming move of some 2,800 personnel from downtown Commerce Court to a suburban office complex in Metro Toronto. The major new facility, to be completed in late 1981, will house people from Head Office and Toronto-based Regional Office departments who do not have to be located in Commerce Court in order to discharge their functions effectively. This, in turn, will open up new areas for rental and thus improve our revenues from Commerce Court. Space there is very much in demand by national and international corporations and professionals whose business requires them to be downtown.

There are few aspects of our operations where the benefits of positive response are more evident than in the Bank's computer-based systems. Rapid changes in electronic technology are opening up new avenues for innovation. These encompass such operations as automated funds transfer, more efficient cheque handling, even the prospect of "banking at home" via

telephone and television. The whole area of "self-service banking" will continue to command high priority in our planning—both to enhance customer convenience and to modify the escalating cost of customer service.

At the same time as we are slimming down our branch network, we will be enhancing and expanding our electronic banking facilities and adding other new dimensions to our customer services.

The progressive introduction of Instant Teller, the sophisticated successor to our pioneering 24-Hour Cash Dispensers, is designed to maintain our leadership in this field. Several dozen of these versatile mini-branches are already in operation in the Toronto-Hamilton area and by the end of this year we expect that more than 100 of them will be busy providing basic banking service around the clock in major centres across the country.

The Commerce is keeping pace with the current surge of technology by introducing the latest advances in computer software, data transmission and office automation. A new computer centre in Toronto, coming on stream this year, will help to diversify our systems and to prepare us for the anticipated growth of data-processing functions throughout the Eighties.

The need to meet the increasingly complex requirements of customers, governments and bank management itself demands more and more emphasis on forward planning, technology forecasting, and systems and operations research. In adopting new techniques of systems management, the Bank is acquiring enhanced expertise in the measurement of response to change and in the planning of strategies for positive action, while continuing to protect the security and privacy of customer information.



Corporate Banking

Sitting, Left to Right—Charles M. Laidley, Vice-Chairman; F. S. Duncanson, Senior Vice-President, Oil and Gas Division; T. V. Grindley, Vice-President and General Manager; Standing, Middle Row, Left to Right—J. A. M. Williamson, Vice-President, Credit; R. F. Henthorn, Vice-President, Credit; S. S. Williams, Vice-President; J. F. Hartos, President, Commerce Leasing Limited; J. R. McSherry, Vice-President and General Manager, Credit; Standing, Back Row, Left to Right—J. P. Moreton, Vice-President, Government Relations; J. R. Loewen, President, Commerce Factors Limited; F. D. A. Boal, Vice-President, Credit; J. A. Myers, Vice-President; A. D. Thompson, President, United Dominions Corporation (Canada) Limited.

NEW DEPOSIT INSTRUMENTS

The volatile behaviour of interest rates has challenged us to provide new kinds of deposit instruments to attract and retain customers and, at the same time, to reduce our vulnerability to swings in the cost of funds. During 1980, we successfully introduced the Commerce Money Market Investment Certificate and the Commerce Guaranteed Investment Certificate, the latter issued by our affiliate, Kinross Mortgage Corporation.

The Commerce Money Market Investment Certificate is a floating-rate term deposit instrument available in Canadian currency for a minimum of \$5,000 on a five-year term. It was the first time a floating rate had been offered, with the interest rate adjusted quarterly according to a formula based on an average of 91-day Government of Canada Treasury Bill rates. This new instrument is intended to provide our customers with a rate of return on their investment over a five-year term which is

competitive with other short-term money market instruments usually available only to large money market investors.

The Commerce Guaranteed Investment Certificate, issued by Kinross and guaranteed by the Bank as to principal and interest, offers our customers a safe, competitive rate of return on their investment by committing funds for a specific term. Interest rates are fixed according to the term and interest payment option selected by the customer at the time of issue.

The new Bank Act permits us to offer financial leasing services through subsidiary companies. At the same time, the Act restricts the ability of banks to invest in other types of financial institutions, such as United Dominions Corporation (Canada) Limited.

In order to conform with the requirements of the Act, the Bank undertook to affect the merger of United Dominions with Commerce Leasing Limited, creating a new entity known as "Commerce—UD Inc.," in which the Commerce will have 100 per cent ownership. The total assets of Commerce—UD Inc. exceed \$750 million.

This merger enables the Commerce to retain the expertise and the markets of both companies and provides opportunities for a substantially increased volume of business.

Commerce Leasing has enjoyed good growth, operating from 11 offices across the country.

It should be noted that our marketing approach to leasing is innovative. We rely on our Bank's branches and regions to provide us with information on prospective lessees rather than merely relying on

end-user solicitation, which is the practice of most other Canadian bank-related leasing companies. We deem our success to date in the leasing business to be due to this approach, which has resulted in our being able to offer measurably better service to our customers.

No single facet of our economic life has had more attention and concern recently than the question of energy. Our country's determination to achieve energy self-sufficiency has been expressed in the National Energy Policy promulgated last fall. Whether one agrees or disagrees with the thrust of this particular policy, there is no doubt about the need to bring together the technical expertise of the oil and gas industry and the funding capability of Canada's financial institutions.

Ever since we established our pioneering Oil and Gas Department in 1949, the Commerce has been recognized as a leader with growing expertise in the energy field. During 1980, this Department became a full-fledged Division. Based in Calgary, it is responsible for the provision of financing and related bank services to oil, gas and associated industries world-wide.

Despite the complications created by government intervention, we believe that activities to develop new energy resources in Canada will be intensive during the 1980s and will provide excellent opportunities for the Bank to provide essential financial services, thus contributing to the solution of this country's energy problems.

In addition to the promise of the domestic market, substantial energy-related opportunities are developing on a world-wide scale. This is especially evident in the United States, due to its relatively more serious energy shortfall and as a result of that country's recent deregulation of pricing. The North Sea, Mexico,



Administration

Sitting, Left to Right—E. S. Duffield, *Senior Vice-President, Human Resources*; James G. Bickford, *Executive Vice-President*; Standing, Left to Right—A. D. Broomfield, *Vice-President and Chief Inspector*; P. J. Cotton, *Vice-President, Personnel*; R. A. McElwain, *Vice-President, Real Estate*.

Australia and the Middle and Far East also represent important areas of growth. Our Oil and Gas Division will be active in all these markets, in co-operation with our network of branches and offices which constitute our eyes and ears throughout the world.

The performance of the Division to date has materially enhanced our already substantial reputation as leaders in resource financing. We have been appointed bankers for Shell Canada's tar sands development known as Alsands. We also continue our role as Senior Banking Advisor to Foothills Pipe Lines (Yukon) Ltd.,

which is responsible for construction of the Canadian section of the Alaska Natural Gas Transportation System.

During the year, the Division arranged financing for a number of large, complex projects. Leading a group of 28 Canadian and American banks, we recently completed financing for the Phase I section of the Northern Border Pipeline in the United States. At \$1,055,000,000, this represents one of the largest commitments in pipeline history. We acted as lead manager for a group of banks that included the largest banking institutions in North America. We have also put \$600 million in place for

Phase I of the Canadian section of this integrated pipeline project which will ultimately become the Alaska Natural Gas Transportation System.

The Commerce provided the financing for other major undertakings, including a new oil refinery and a fertilizer plant, and it funded a number of acquisitions resulting in increased Canadian ownership.

Our growing reputation for expertise and rapid reaction in the field has resulted in our being invited to participate in financing other international energy developments in the North Sea, Australia and the United States. Taken together, these activities have involved the financing of well over \$3 billion in the past year.

It is not our intention that our Oil and Gas Division should develop into a cumbersome administrative group. Rather, we see the Division as a relatively small, highly expert, professional and innovative group of individuals who can respond in an imaginative way to the needs of the marketplace. We will continue to expand our Bank's traditional reputation as a leader in the oil and gas industry and we will provide our new Division with whatever resources are needed to achieve this objective.

INITIATIVES IN CORPORATE BANKING

During 1980, significant organizational changes were affected within our Corporate Banking Group in order to provide even more efficient service to the business market. Specifically, the former Commercial Banking and Corporate Banking Divisions were amalgamated into a single Corporate Banking Division. Its mandate is to provide staff support at the Head

Office level for the entire business market, both domestic and international, ranging from the independent businessman to the largest corporation. This amalgamation will give us a clearer focus on such specialized areas as product and service development, market research, pricing and advertising.

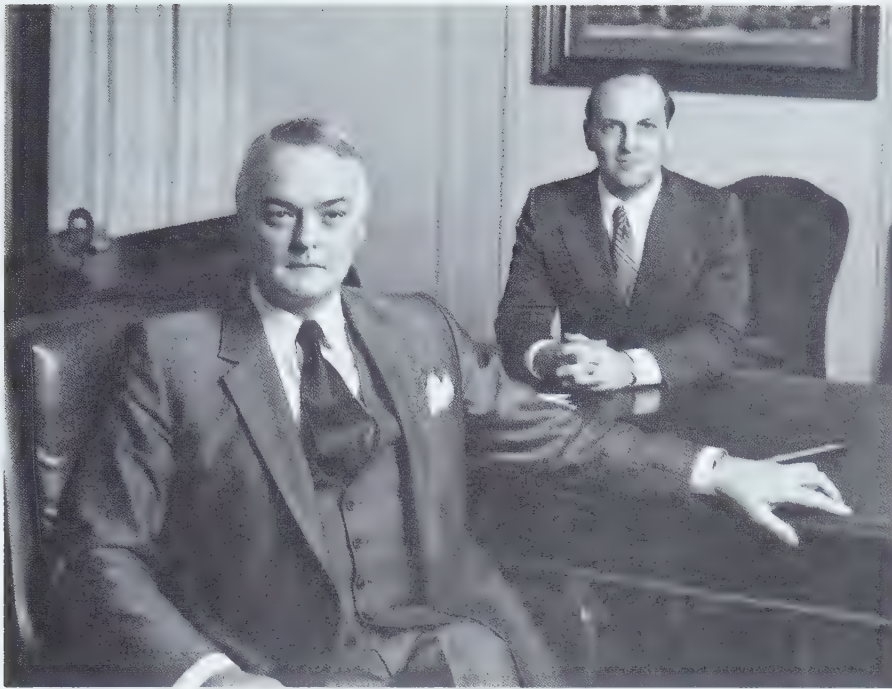
We have also created within the Corporate Banking Division three separate units, one responsible for each of Corporate Finance, Corporate Services and Corporate Development. Corporate Finance is primarily concerned with the provision of credit-related services, Corporate Services and Corporate Development with non-credit matters.

We foresee, throughout this present decade, increasing emphasis on such high-growth industries as energy, mining, forest products, chemicals, machinery, transportation, communications, merchandising and real estate, and we propose to expand our capability in the servicing of each of these areas.

Our Corporate Finance group has continued to play a lead role in a number of important project financings, both at home and abroad. We have also provided an increasing range of services to the agribusiness and small business markets and to franchising operations. Our commitment to all of these groups is being continually strengthened and expanded.

Turning now to our activities outside Canada, the primary thrust at this time is the further penetration of the United States market, where we anticipate our greatest role will be as lenders.

There are many reasons that justify expansion south of the border. Because American, British, European and Asian banks are going to be more and more active in our home market here in Canada, it is timely that we seize the opportunity



Finance

Left to Right—Clarence W. Cole, *Executive Vice-President*;
J. C. Pattison, *Vice-President*.

provided by the reciprocity provisions of the new Bank Act to move aggressively in a country where Canadian banks already enjoy an excellent reputation.

The United States is the largest industrial market in the world operating under a free enterprise system with minimum political risk. It is the headquarters for most of the largest trans-national corporations, with whom business can be developed for our international offices in major financial centres throughout the world. It is close to us and similar to us in language, culture, methodology and financial reporting practices.

As the seventh largest bank in North America, we must position ourselves in the major industrial and financial centres of the continent in order to increase our share of corporate business. Trade between our two countries continues to expand—and not just in one direction. Investments on an unprecedented scale are now being made by Canadians in the United States.

In recognition of our commitment to the United States market, we are opening a U.S. Operations Office in New York City, under the direction of a Vice-President. This will result in closer relations with the U.S. financial and investment communities, the regulatory agencies and many of our major corporate clients and prospects.

In addition, we have recently established a Corporate Finance Group in Chicago to assist our field offices in managing complicated financial transactions, including acquisition proposals, financing for capital projects, syndicated credits and other major undertakings that require detailed attention. We expect this group to develop special expertise in such industries as real estate, mining, chemicals, transportation, communications and utilities.

It is our intention to reinforce our operational capabilities in the vital Midwest market through the inauguration of a limited state branch in Chicago and the establishment of an agency in Pittsburgh. We also intend to strengthen our represen-

tation in the Denver-Houston-Dallas area in recognition of the growing importance we attach to the oil and gas sector.

On the West Coast, our wholly-owned subsidiary, California Canadian Bank, is pioneering in the innovative "Bank-at-Work" concept, which we have introduced to three of the largest multinational corporations based in California.

This program provides "on-site" Automated Teller machines on the customers' premises, enabling their employees to transact the bulk of their banking business at work. We propose to utilize this innovation, along with other specialized services, to expand our presence on the West Coast.

ENCOURAGING GROWTH RATES IN THE UNITED STATES

Overall, the activities of our Bank in the United States are encouraging because they have produced some remarkable rates of growth.

Our corporate loan portfolio is increasing at a rate of 68 per cent annually. The combined loan growth rate of all our U.S. operational groups is now close to 50 per cent, which compares to an overall growth rate of 7.4 per cent for commercial and industrial loans as reported by all major banks in that country.

In summary, we are broadening the scope of our activities throughout the United States, expanding our wholesale markets, developing expertise in energy-related transactions and positioning ourselves in

the South to take advantage of future growth where the climate is more favourable and energy costs are lower.

In response to information gleaned from research studies, we intend to increase our deposit-gathering services, upgrade our foreign exchange trading capabilities and implement an improved cash management system. We will also be giving greater attention to export financing, stamping of bankers' acceptances, letters of credit and other services related to international transactions.

All of these moves, superimposed on our solid base of existing operations, point to a very positive outlook for growth by our Bank in the U.S. market.

Our international operations in other parts of the world continue to grow in strength and vigour. In the United Kingdom, the Commerce acquired 100 per cent ownership of CIBC Limited, the merchant banking vehicle which, prior to 1980, was owned jointly by the Commerce and Hambros Bank Limited. This enterprise is now well placed to provide access to the international capital markets for the Bank's customers, both borrowers and investors.

Our operations in Latin America have been separated from those in the United States and thus given added status. They will henceforth be co-ordinated by a General Manager for Latin America, based in Toronto. Under an agreement reached with the Government of Trinidad and Tobago to bring about 51 per cent local participation in the ownership of our Bank in that country, 30 percent of the shares were sold to the public in May, 1980. Further share issues will follow in due course.



Systems

Left to Right—A. Warren Moysey, Executive Vice-President; K. E. Long, Vice-President, Operations; R. J. White, Vice-President, Planning and Control; R. P. Wismer, Vice-President, Development.

ENHANCED PRESENCE IN THE FAR EAST

In 1980, we established a new merchant bank in Singapore called Canadian Imperial Bank of Commerce (Asia) Limited. This will provide us with additional capabilities and the flexibility to expand our involvement in the Far East. The successful syndication of one of the largest Hong Kong Dollar loans ever arranged, along with other similar financings, has greatly enhanced our position, and increased our profits, in this active area.

We recognize and are responding to increasing opportunities in the foreign exchange and bullion business. Accordingly, we have introduced the most modern data-processing systems which will enable us to cope swiftly with the unpredictable behaviour of the bullion market.

Our capabilities in the gold area are second to none and we are rapidly becoming one of the leading international bullion dealers. Our International Banking Centres have been instrumental in supporting our dealings through their abilities to adapt quickly to competitive pressures in the marketplace.

The Commerce has traditionally tended to be conservative in its international lending, but it seems clear that to maximize our opportunities in the shifting scenarios of the Eighties we must become more aggressive in this sector of our business. We are, therefore, affecting substantial improvements in our international research, which should enable us to achieve greater returns without extending our risk beyond the bounds of prudence. The outlook for 1981 points to narrowing interest spreads in our international business and this factor will tend to constrain earnings growth in this sector of our operations.

RESPONSE AND INITIATIVE: CODE OF CORPORATE CONDUCT

In a world of conflicting political systems and changing social ethics, members of the public are becoming increasingly concerned with corporate conduct in the business community. This is particularly true in the case of corporations which are doing business on a world-wide scale. Such questions of political, social and economic morality have been in the forefront of our minds at the Commerce—especially the application of effective operating principles for the guidance of our officers in Canada and abroad.

Our response to this concern was a management decision to codify all aspects of our corporate policies in a single document which would be available for public distribution and would serve as a definitive expression of our Bank's ethical position in all relevant areas. I am pleased that this important document—which takes the form of a 16 page booklet—is being published simultaneously with this Report to Shareholders.

"Social Responsibility and Corporate Conduct" defines our responsibilities, as we perceive them, to a variety of publics: customers, employees, shareholders and suppliers, as well as the citizens of our many communities, our own country and other nations.

In our preparation of the text for this booklet, the Bank sought the opinions of ecumenical activist groups and individuals within the Roman Catholic and the Protestant Churches. Their input was helpful, and, while no individual or group endorsement is implied, the text reflects a

number of their suggestions. I believe that the publication of this first formal policy statement represents a significant initiative by the Bank in response to a questioning of the quality of management's stewardship by a segment of our shareholders.

"Social Responsibility and Corporate Conduct" also defines the Bank's criteria for corporate financial support to charitable, educational, medical and cultural organizations working in areas of social importance or community need. The following examples are illustrative of this policy in action.

In 1981, for the ninth consecutive year, we will underwrite the National Competitive Festival of Music which involves the participation of several hundred thousand aspiring young musicians from more than 600 communities throughout the country. The Bank has encouraged the Festival in its desire to make this artistic institution more truly national by moving it from its original Toronto base to other major centres so that it can become more vital and meaningful to more Canadians. This year, the Finals and Grand Concert will be held in Edmonton; in 1982, they will return to Ontario, then move west again, to Manitoba in 1983 and Saskatchewan in 1984.

We believe that this movement from province to province is most timely and will strengthen the feelings of Canadian unity among the young musicians and their audiences.

The Bank has also undertaken to continue and to expand its financial support to the Bio-Engineering Institute at the University of New Brunswick. The Institute is a world leader in the drive to develop electronic arms for young children who have undergone amputations as a result of acci-



Staff Advisers

Sitting, Left to Right—Lawrence C. Greenwood, *Executive Vice-President, Office of the Chairman*; G. W. Radford, *Corporate Secretary*; Standing, Left to Right—E. L. Pursey, *Vice-President and Controller*; G. B. Soteroff, *Director of Public Relations*; (Not Shown—B. V. Gestrin, *Vice-President and Economic Adviser*).

dent or disease. The Bank's commitment for the years 1981 to 1983 will make possible the addition of a facility for the fabrication and fitting of such arms, as well as for ongoing occupational therapy with the children. Our initial contribution to this institution in Atlantic Canada was made in 1979—the International Year of the Child. It is appropriate that our renewal of support should occur in 1981—the International Year of Disabled Persons.

A WEAKENING WORLD ECONOMY

The actions and initiatives which the Bank proposes to take throughout the coming year must be viewed in the context of depressed economic conditions in our own country and throughout the industri-

alized world. It is against this background, I believe, that the need for response and initiative and the necessity for optimum deployment of all our resources can best be appreciated.

There is no question that the economy of Canada weakened progressively from late 1979 through the fourth quarter of 1980. This weakness was especially evident in residential construction and in the key sector of consumer spending. Although business investment in plant and equipment held up reasonably well through the first half of 1980, there has been a notable deceleration of activity during the past six months. Most significant of all, our rate of inflation has remained at an undesirably high level, in the neighbourhood of 10 per cent, throughout this period.

These recessionary trends are by no means confined to Canada: they have been characteristic of a weakening world economy. A sharp decline in activity has been evident in the United States and in key overseas countries. A very gradual recovery is probably the best we can expect in the U.S. in 1981, with other major industrialized countries continuing to show unsatisfactory performance through much of the year.

In a less-than-favourable international economic climate, Canada's prospects cannot be regarded as promising, at least in the short term. It would be unduly optimistic to hope for real growth of more than about 1½ per cent, particularly when our current rate of inflation shows no signs of abating.

On the other hand, there are encouraging signs that Canada and other forward-looking nations have begun to apply policies of restraint, especially in monetary growth. This gives us good reason to hope for a more prosperous climate, with less inflationary pressure, as we move further into the 1980s.

Despite the heartwarming rejection of separatism in the Quebec Referendum, our country continues to feel the stress of regional differences as our internal economy assumes new and challenging configurations. We certainly have no cause to relax our efforts to maintain national unity; on the contrary, the problem grows more complex and calls for increasing understanding, goodwill and flexibility on the part of all Canadians.

At the Commerce, I am certain that we are all prepared to recognize and to respond to the changing patterns of our confederation. In its own small way, our recent decision to expand our vitally important oil and

gas operations in Calgary and to build a major office complex there was an indication of this recognition and response.

We also see it as an example of the kind of "economic federalism" which all Canadians must eventually embrace if we are to achieve our highest and most worthwhile goal: the unity of the country and the unqualified assertion of our nationhood.

We have seen in the past—in many parts of the world—how policies dictated by unenlightened self-interest can be destructive. The countries of Western Europe have acknowledged the errors of history by turning their backs on the narrow concept of economic nationalism and embracing the broader ideal of international co-operation, both political and economic. Today in Canada, we are still plagued by the perplexing problem of reconciling regional aspirations with national interests.

The concerns of Canadians in different parts of our country relate to such practical matters as energy development and the ownership and control of resources as much as they do to the philosophical questions of language, lifestyle, civil rights and culture. I am convinced that ways can be found to resolve our differences in all of these areas if we approach them in a statesmanlike spirit of compromise.

Our country possesses enormous potential, but that potential will never be realized if each region persists in viewing its economic goals in terms of what, and how much, it can gain, regardless of the cost to other regions and the nation as a whole. If we can do no better than pursue our individual interests at the expense of other Canadians, our country will be the loser. Only a *collective* pursuit of economic strength can generate gains for everyone.

FEDERALISM CAN BE MADE TO WORK

I believe that, in many respects, our financial institutions have set an example in the practice of enlightened federalism. Our banks not only provide services to Canadian communities but they also encourage the pooling of resources to meet national needs. At the same time, we exist side by side, and generally in harmony, with institutions that express and nourish our regional diversity and dualism: *caisses populaires* and *caisses d'entraide* in Quebec, co-ops in Saskatchewan, a new breed of regional banks in Western Canada. Together, we are achieving, on a sound business basis, the kind of equalization of regional opportunity which many people would propose to enshrine in a new constitution.

In short, the Canadian financial system shows that federalism works. It works in the financial sphere because there is a rational division of jurisdiction between the federal and provincial levels of government.

I have a profound faith in the workability of this kind of federalism, and I view with concern any tendency to confine economic benefits within regional or provincial boundaries. Beggar-thy-neighbour attitudes violate the spirit of federalism and, should they persist, the end result will be no federalism at all. Better the trowel of the nation-builder than the carving knife of the separatist!

THE CONSTITUTIONAL CHALLENGE

Although the case for a patriated constitution has not, in the opinion of many

Canadians, been adequately established, there is obviously a strong probability that this will come about.

If the constitution *is* to be amended, by one means or another, I hope that it will embody a guarantee of freedom of movement, applying to goods and services, labour and capital, rather than the building up of barriers along provincial boundaries. I also hope for assurance that the provinces will have a substantial degree of authority over the development and use of their natural resources.

To achieve a meaningful degree of constitutional reform will certainly require a more flexible attitude towards the component parts of our nation than some of us have so far been prepared to adopt. At the same time, it will require a more generous commitment to the whole than others have exhibited up to now.

Our country deserves no less than the most determined effort from every Canadian to achieve the enormous potential of this land and its people. The decisions we take today will determine the kind of country we bequeath to our inheritors in the twenty-first century and beyond.

I am confident that Canadians will be equal to the stresses imposed by these chronically turbulent times on the overall state of the nation. I am equally confident that the Commerce has the human and financial resources to surmount such setbacks as those experienced in 1980.

The bulk of this report has been devoted to outlining in the frankest way possible the major corrective actions we have taken or intend to take on behalf of our shareholders. I am convinced that these actions will ensure that the Commerce continues to contribute to the national well-being as a progressive, productive and profitable corporate citizen.

Highlights of the Year

For the year	1980	1979
Revenues	\$ 6,156,226,143	\$ 4,453,691,421
Expenses	\$ 5,945,469,780	\$ 4,214,690,350
Balance of revenue	\$ 210,756,363	\$ 239,001,071
Income taxes	\$ 18,700,000	\$ 37,700,000
Balance of revenue after taxes	\$ 192,056,363	\$ 201,301,071
Appropriation for losses	\$ 50,000,000	\$ 15,000,000
Balance of profits	\$ 142,056,363	\$ 186,301,071
Dividends	\$ 70,551,000	\$ 62,666,220
Average number of shares (Note)	39,195,000	39,153,843
Per share		
Balance of revenue after taxes	\$4.90	\$5.14
Dividends	\$1.80	\$1.60
Year-end		
Assets	\$55,428,226,929	\$45,994,556,983
Deposits	\$48,947,953,084	\$41,875,409,167
Accumulated appropriations for losses	\$ 361,703,520	\$ 362,310,725
Total capital funds	\$ 1,573,447,792	\$ 1,440,513,429
Shareholders' equity	\$ 1,111,170,792	\$ 1,039,665,429
Number of shareholders	32,602	32,234
Number of employees	36,713	36,111
Number of branches	1,801	1,809

Note: Represents the weighted monthly average of equivalent fully paid shares outstanding.

Financial Review

Figure 1

Total Assets
as at October 31, 1980
billions of dollars



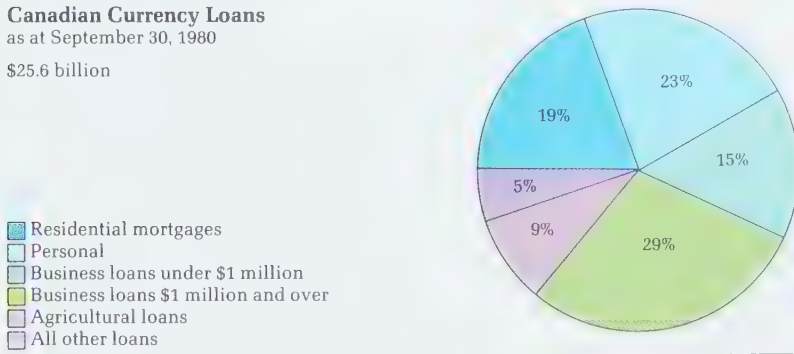
Total Assets

The assets employed in the Bank's Domestic business increased by 17% in 1980, and have increased by 91% over the four-year period 1976-1980.

International business assets have grown 174% since 1976, with an increase of 29% in 1980. International business assets comprise mainly the assets of branches and consolidated subsidiaries outside Canada, together with the foreign currency assets of the International Department at the Head Office in Toronto.

Figure 2

Canadian Currency Loans
as at September 30, 1980
\$25.6 billion

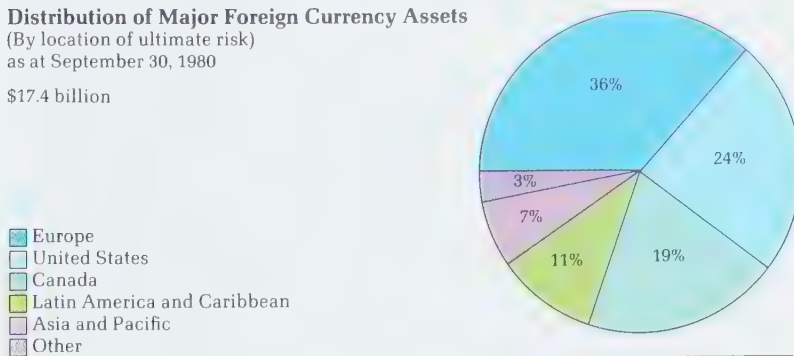


Canadian Currency Loans

Figure 2 shows the distribution at September 30, 1980 of Canadian dollar loans, almost all of which are assets of the Bank's Domestic operations. The analysis of business loans into those under and those over \$1 million is based on the authorized credit limits.

Figure 3

Distribution of Major Foreign Currency Assets
(By location of ultimate risk)
as at September 30, 1980
\$17.4 billion



Distribution of Major Foreign Currency Assets

Figure 3 shows the distribution of major foreign currency assets, including loans, securities and deposits with other banks, at September 30, 1980. The major portion of these assets forms part of the Bank's International business.

Figure 4

Balance of Revenue After Income Taxes

millions of dollars



millions of dollars

Domestic	\$118.6	\$116.8	\$152.3	\$144.3	\$107.5
International	27.3	33.8	41.2	57.0	84.6
Total Bank	\$145.9	\$150.6	\$193.5	\$201.3	\$192.1
Per share (in dollars)					
Earnings after tax	\$4.19	\$4.32	\$5.33	\$5.14	\$4.90
Dividends	\$1.28	\$1.40	\$1.45	\$1.60	\$1.80

Balance of Revenue After Income Taxes

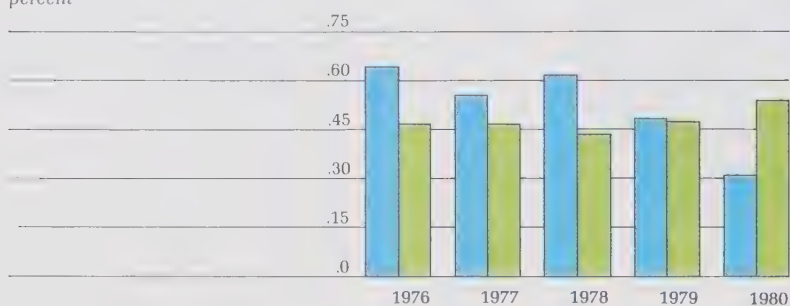
Earnings from Domestic business declined in each of fiscal years 1979 and 1980, in spite of asset growth. The main contributing factors have been narrowing interest margins, the impact of inflation on the costs of operating an extensive branch system in Canada which is no longer a source of relatively low-cost deposits, and increasing loan losses.

International earnings have increased each year from 1976 to 1980, with the contribution to the Bank's total earnings increasing from 19% in 1976 to 44% in 1980. International earnings are based on internal accounting allocations and comprise generally the profits of branches and consolidated subsidiaries outside Canada, dividends from non-consolidated subsidiaries and affiliates abroad, and the earnings of the International Department at the Head Office in Toronto.

Figure 5

Return on Average Total Assets

percent



Net interest margin	2.98%	2.89%	2.90%	2.65%	2.41%
Provision for loan losses	(0.19)	(0.22)	(0.25)	(0.25)	(0.32)
Other operating revenue	2.79	2.67	2.65	2.40	2.09
Operating expenses (Excl. provision for loan losses)	0.67	0.60	0.58	0.59	0.61
Balance of revenue before income taxes	3.46	3.27	3.23	2.99	2.70
Provision for income taxes	(2.28)	(2.25)	(2.12)	(2.05)	(1.95)
Balance of revenue after income taxes:	1.18	1.02	1.11	0.94	0.75
Total Bank	(0.58)	(0.50)	(0.55)	(0.46)	(0.37)
Domestic	0.60%	0.52%	0.56%	0.48%	0.38%
International	0.64%	0.54%	0.61%	0.48%	0.31%
	0.46%	0.46%	0.43%	0.47%	0.53%

Return on Average Total Assets

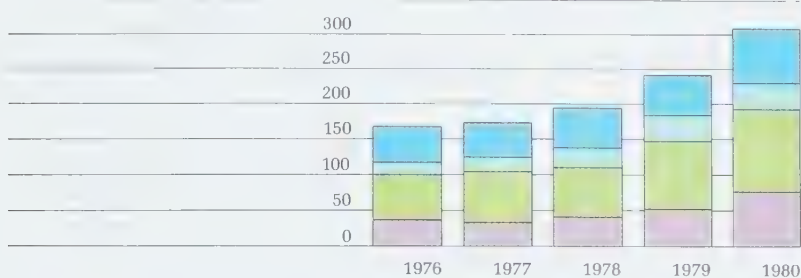
The return on average assets employed forms a useful measure of the profitability of assets in generating revenues and net earnings. Figure 5 expresses the major categories of revenue and expense as percentage rates on the average assets of each year. In computing the percentage rates, tax-exempt income from securities has been converted to an equivalent taxable basis, with a corresponding increase in the provision for income taxes; the balance of revenue after income taxes is not affected by this adjustment.

The return on Domestic assets has declined in 1979 and 1980, reflecting narrowing interest margins and higher provisions for loan losses. At the same time the return on International assets has improved, but not to an extent sufficient to offset fully the reduction in the Domestic rate of return.

Figure 6

Other Operating Revenue

millions of dollars



millions of dollars

Domestic					
Service charges	\$ 49.9	\$ 53.3	\$ 57.8	\$ 69.0	\$ 78.9
Visa	13.5	17.5	23.7	32.0	39.8
Other	61.8	66.5	75.3	95.7	113.4
International	38.7	37.5	42.1	52.1	77.9
Total Bank	\$163.9	\$174.8	\$198.9	\$248.8	\$310.0

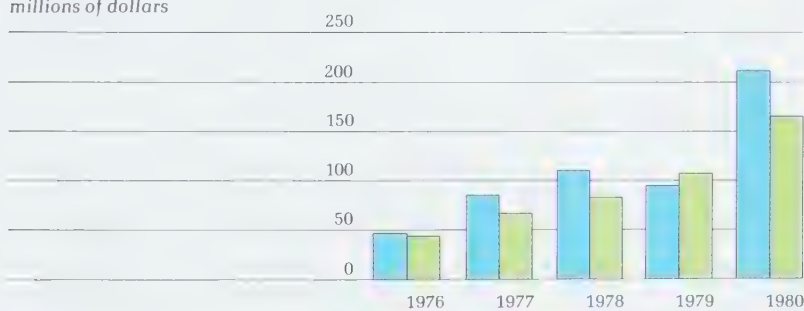
Other Operating Revenue

Other operating revenues comprise mainly the fees received for carrying out banking transactions of various types, together with the spreads obtained on buying and selling foreign currencies and, more recently, gold and silver. In figure 6, Domestic service charges represent the amounts charged for the operation of chequing accounts for both corporations and individuals, while Visa revenues largely represent fees paid by retail outlets and other participants for processing and collecting Visa charge slips. Most foreign exchange transactions, and dealings in gold and silver, are reflected in International revenue.

Figure 7

Loan Loss Experience

millions of dollars



millions of dollars

Loss experience on loans for the year	\$ 48.6	\$ 86.1	\$107.8	\$ 97.0	\$218.5
Provision for loan losses included in operating expenses of the year	45.4	64.4	84.9	106.4	163.3
Excess deducted from (added to) Accumulated Appropriation for Losses	\$ 3.2	\$ 21.7	\$ 22.9	\$ (9.4)	\$ 55.2
Eligible loans outstanding	\$14,666	\$17,523	\$19,788	\$24,981	\$31,882
Loan loss experience for the year —as percentage of eligible loans	0.33%	0.49%	0.55%	0.39%	0.69%

Note:

Eligible loans are as prescribed by the rules of the Minister of Finance and include letters of credit, acceptances and guarantees, but exclude loans to or guaranteed by the governments of Canada, the Provinces, the United States and the United Kingdom, and also exclude loans to or deposits with other banks.

Loan Loss Experience

The loss experience on loans for the year represents loans written off and new or additional specific provisions against doubtful loans, less recoveries and less specific provisions set up in earlier years which are no longer required. The loss experience for 1980 included a specific provision of \$100 million against the loans of a single borrower.

The provision for loan losses is calculated in accordance with a formula prescribed by the Minister of Finance. The amount of the 1980 provision can be approximated as follows:

Average for the five years to 1980:

A. Loss experience on loans	\$112 million
B. Eligible loans	\$21.8 billion
C. Loss ratio (A as percentage of B)	0.51%
Provision—0.51% of 1980 eligible loans of	\$31.9 billion
	\$163 million

Statement of Assets and Liabilities

as at October 31, 1980

ASSETS	1980	1979
Cash and due from banks	\$10,229,090,822	\$ 8,929,191,387
Cheques and other items in transit, net	632,920,989	554,416,886
Total cash resources	10,862,011,811	9,483,608,273
Securities issued or guaranteed by Canada, at amortized value	2,304,945,388	2,119,030,659
Securities issued or guaranteed by provinces, at amortized value	43,933,697	79,735,931
Other securities, not exceeding market value	2,353,496,659	2,372,207,206
Total securities	4,702,375,744	4,570,973,796
Day, call and short loans to investment dealers and brokers, secured	851,597,319	509,874,740
Other loans, including mortgages, less provision for losses	32,978,619,413	27,887,814,680
Total loans	33,830,216,732	28,397,689,420
Bank premises at cost, less amounts written off	400,084,493	357,425,187
Securities of and loans to corporations controlled by the bank	1,224,952,797	994,978,185
Customers' liability under acceptances, guarantees and letters of credit, as per contra	4,343,654,886	2,140,917,023
Other assets	64,930,466	48,965,099
	\$55,428,226,929	\$45,994,556,983

See Notes to the Financial Statements

Auditors' Report to the Shareholders

We have examined the statement of assets and liabilities of Canadian Imperial Bank of Commerce as at October 31, 1980 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Toronto, November 26, 1980.

LIABILITIES	1980	1979
Deposits by Canada	\$ 799,474,328	\$ 638,185,905
Deposits by provinces	622,025,158	563,676,276
Deposits by banks	12,133,618,264	8,761,243,291
Personal savings deposits payable after notice, in Canada, in Canadian currency	17,356,174,953	14,759,764,105
Other deposits	18,036,660,381	17,152,539,590
Total deposits	48,947,953,084	41,875,409,167
Acceptances, guarantees and letters of credit	4,343,654,886	2,140,917,023
Other liabilities	201,467,647	175,406,639
Accumulated appropriations for losses	361,703,520	362,310,725
Capital Funds:		
Debentures issued and outstanding (Note 2)	462,277,000	400,848,000
Capital:		
Authorized—62,500,000 shares of a par value of \$2 each		
Issued—39,195,000 shares fully paid up	78,390,000	78,390,000
Rest account	1,030,810,000	960,810,000
Undivided profits	1,970,792	465,429
Total capital funds	1,573,447,792	1,440,513,429
	\$55,428,226,929	\$45,994,556,983

R. E. HARRISON
Chairman
and Chief Executive Officer

R. D. FULLERTON
Vice Chairman
and President

In our opinion, the foregoing statements present fairly the financial position of the Bank as at October 31, 1980 and the revenue, expenses and undivided profits, accumulated appropriations for losses and transactions in the rest account of the Bank for the year ended on that date.

A. G. WATSON, F.C.A., of Peat, Marwick, Mitchell & Co.
D. C. SCOTT, F.C.A., of Clarkson Gordon

} Auditors

Statement of Revenue, Expenses and Undivided Profits

For the financial year ended October 31, 1980

	1980	1979
Revenue:		
Income from loans	\$5,403,545,781	\$3,777,222,619
Income from securities	442,630,944	427,664,678
Other operating revenue	310,049,418	248,804,124
Total revenue	6,156,226,143	4,453,691,421
Expenses:		
Interest on deposits and bank debentures	4,794,205,877	3,246,922,089
Salaries, pension contributions and other staff benefits	627,867,007	546,791,532
Property expenses, including depreciation	165,413,418	146,335,520
Other operating expenses, including provision for losses on loans based on five-year average loss experience (Note 1)	357,983,478	274,641,209
Total expenses	5,945,469,780	4,214,690,350
Balance of revenue	210,756,363	239,001,071
Provision for income taxes relating thereto (Note 4)	18,700,000	37,700,000
Balance of revenue after provision for income taxes	192,056,363	201,301,071
Appropriation for losses (Note 1)	50,000,000	15,000,000
Balance of profits for the year	142,056,363	186,301,071
Dividends	70,551,000	62,666,220
Amount carried forward	71,505,363	123,634,851
Undivided profits at beginning of year	465,429	1,830,578
	71,970,792	125,465,429
Transferred to rest account	70,000,000	125,000,000
Undivided profits at end of year	\$ 1,970,792	\$ 465,429

Statement of Accumulated Appropriations for Losses

For the financial year ended October 31, 1980

	1980	1979
Accumulated appropriations at beginning of year:		
General	\$ 108,400,966	\$ 106,211,132
Tax-paid	253,909,759	250,067,209
Total	362,310,725	356,278,341
Appropriation from current year's operations (Note 1)	50,000,000	15,000,000
Loss experience on loans less provision included in other operating expenses (Note 1)	(55,151,737)	9,393,766
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	(2,189,491)	(30,093,134)
Other profits, losses and non-recurring items, net	2,034,023	31,752
Provision for income taxes, including credit of \$6,100,000 (1979 \$14,300,000) related to appropriation from current year's operations (Note 4)	4,700,000	11,700,000
Accumulated appropriations at end of year	\$ 361,703,520	\$ 362,310,725
Accumulated appropriations at end of year:		
General	\$ 60,097,240	\$ 108,400,966
Tax-paid	301,606,280	253,909,759
Total	\$ 361,703,520	\$ 362,310,725

See Notes to the Financial Statements

Statement of Rest Account

For the financial year ended October 31, 1980

	1980	1979
Balance at beginning of year	\$ 960,810,000	\$ 830,709,657
Premium on issue of capital stock	—	5,100,343
Transfer from undivided profits	70,000,000	125,000,000
Balance at end of year	\$1,030,810,000	\$ 960,810,000

Notes to the Financial Statements

1. Loss experience on loans, and the provision included in other operating expenses in the Statement of Revenue, Expenses and Undivided Profits, are as follows:

	1980	1979
Net loss experience on loans for the year	\$ (218,464,430)	\$ (96,997,849)
Provision for losses on loans, included in other operating expenses, based on a formula which takes into account the average loss experience over the past five years	163,312,693	106,391,615
Net amount added to (deducted from) Accumulated Appropriations for Losses	\$ (55,151,737)	\$ 9,393,766

The net loss experience on loans for the year comprises the amount of loans written off and the current year's specific provisions for doubtful loans, less recoveries and prior years' specific provisions no longer required. Specific provisions made in 1980 include \$100,000,000 in respect of loans outstanding to a single borrower which is proposing a major financial reorganization; the borrower's negotiations with lenders and possible investors have not yet been brought to a conclusion, and the outcome cannot be determined at this time.

In addition to the provision for losses included in other operating expenses, an appropriation is made out of earnings each year and added to Accumulated Appropriations for Losses to provide for losses of which management is not yet aware but which may be incurred on realization of existing loans, together with possible losses on securities and other assets.

2. Debentures issued and outstanding comprise:

	1980	1979
(a) 7¼% Debentures maturing December 15, 1992	\$ 822,000	\$ 848,000
(b) 7½% Debentures maturing May 15, 1993	1,455,000	50,000,000
(c) 9¾% Debentures maturing January 2, 1995 (the holder of any debenture may elect that such debenture mature on January 2, 1985)	75,000,000	75,000,000
(d) 9½% Debentures maturing October 15, 1996 (the holder of any debenture may elect that such debenture mature on October 15, 1986)	50,000,000	50,000,000
(e) 9¾% Debentures maturing February 15, 1998 (the holder of any debenture may elect that such debenture mature on February 15, 1988)	75,000,000	75,000,000
(f) 10.10% Debentures maturing June 15, 1984	100,000,000	100,000,000
(g) Floating Rate Debentures maturing July 15, 1989 (the debentures bear interest at a rate equal to the average prime rate of the Bank less ½ of 1%)	50,000,000	50,000,000
(h) 13½% Debentures maturing May 15, 1985	50,000,000	—
(i) 11½% Debentures maturing July 15, 1985	60,000,000	—
	\$ 462,277,000	\$ 400,848,000

3. The financial statements include the assets and liabilities and results of operations of California Canadian Bank, Bank of Commerce Jamaica Limited, The Canadian Bank of Commerce Trust Company, New York and Canadian Imperial Bank of Commerce (Asia) Limited, all of which are wholly-owned subsidiaries.

4. Provisions for income taxes are included in the financial statements as follows:

	1980	1979
Statement of Revenue, Expenses and Undivided Profits	\$ 18,700,000	\$ 37,700,000
Statement of Accumulated Appropriations for Losses	(4,700,000)	(11,700,000)
Total	\$ 14,000,000	\$ 26,000,000

Statements of Assets and Liabilities of Controlled Corporations

BANK OF COMMERCE TRINIDAD AND TOBAGO LIMITED

Including its wholly-owned subsidiary company (as at August 31, 1980—in Trinidad and Tobago Dollars)

ASSETS

Cash and due from banks	\$ 85,166,722
Securities	24,590,310
Loans	393,171,621
Fixed assets less depreciation	18,636,284
Customers' liability under acceptances, guarantees and letters of credit	29,885,105
Other assets	1,178,125
	<u>\$552,628,167</u>

LIABILITIES

Canadian Imperial Bank of Commerce	\$ 18,600,729
Deposits	458,457,773
Cheques and other items in transit, net	7,026,571
Acceptances, guarantees and letters of credit	29,885,105
Other liabilities	11,985,119
Capital	\$18,392,637
Share premium	6,072,000
Retained earnings	<u>2,208,233</u>
	<u>\$552,628,167</u>

The Bank owns 70% of the capital stock of Bank of Commerce Trinidad and Tobago Limited, which at August 31, 1980 was carried on the books of the Bank at T & T \$5,477,343 (Can. \$2,643,913).

C.I.B.C. FINANCE B.V.

Including its wholly-owned subsidiary companies (as at August 31, 1980—in Netherlands Guilders)

ASSETS

Cash and due from banks	f. 415,540,886
Securities	51,924,308
Loans	621,463,492
Fixed assets less depreciation	5,983,111
Other assets	1,963,397
	<u>f.1,096,875,194</u>

LIABILITIES

Canadian Imperial Bank of Commerce	f. 999,680,523
Deposits	38,297,922
Bank loans	8,187,021
Other liabilities	8,928,110
Capital	f.27,500,000
Capital reserve	6,598,104
Retained earnings	<u>7,683,514</u>
	<u>f.1,096,875,194</u>

The Bank owns the entire capital stock of C.I.B.C. Finance B.V., which at August 31, 1980 was carried on the books of the Bank at f.27,500,000 (Can. \$16,362,500).

MARTIN CORPORATION GROUP LIMITED

Including its wholly-owned subsidiary companies (as at August 31, 1980—in Australian Dollars)

ASSETS

Cash, money at call and due from banks	\$ 17,787,414
Securities	117,733,652
Loans	15,001,394
Fixed assets less depreciation	343,513
Customers' liability under acceptances	3,745,000
Other assets	300,163
	<u>\$154,911,136</u>

LIABILITIES

Deposits	\$141,213,831
Bank loans	4,009,712
Acceptances	3,745,000
Other liabilities	265,527
Capital	\$ 3,000,000
Share premium	125,000
Retained earnings	<u>2,552,066</u>
	<u>\$154,911,136</u>

The Bank owns 80% of the capital stock of Martin Corporation Group Limited, which at August 31, 1980 was carried on the books of the Bank at Aust. \$3,980,988 (Can. \$5,365,575).

CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY (BAHAMAS) LIMITED

Including its wholly-owned subsidiary company (as at August 31, 1980—in Bahamian Dollars)

ASSETS

Cash and due from banks	\$ 725,157
Accounts receivable	98,699
Securities	200,000
Fixed assets less depreciation	234,031
	<u>\$ 1,257,887</u>

LIABILITIES

Loans	\$ 495,675
Other liabilities	43,723
Capital	\$ 300,000
Retained earnings	<u>418,489</u>
	<u>\$ 1,257,887</u>

The Bank owns the entire capital stock of Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited, which at August 31, 1980 was carried on the books of the Bank at Bah. \$300,000 (Can. \$347,940).

BANK OF COMMERCE TRUST COMPANY BARBADOS LIMITED

(as at August 31, 1980—in Barbados Dollars)

ASSETS

Cash and due from banks	\$ 6,262,530
Mortgages	11,469,682
Fixed assets less depreciation	33,131
	<u>\$17,765,343</u>

LIABILITIES

Deposits	\$17,035,744
Accounts and taxes payable	127,106
Capital	\$ 362,000
Retained earnings	<u>240,493</u>
	<u>\$17,765,343</u>

The Bank owns the entire capital stock of Bank of Commerce Trust Company Barbados Limited, which at August 31, 1980 was carried on the books of the Bank at Barb. \$362,000 (Can. \$209,707).

CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY (CAYMAN) LIMITED

Including its wholly-owned subsidiary companies (as at August 31, 1980—in Cayman Island Dollars)

ASSETS

Cash and due from banks	\$ 2,930,894
Mortgages	6,333,072
Fixed assets less depreciation	1,782,912
Other assets	694,975
	<u>\$11,741,853</u>

LIABILITIES

Deposits	\$ 8,011,923
Other liabilities	334,243
Capital	\$2,250,000
Retained earnings	<u>1,145,687</u>
	<u>\$11,741,853</u>

The Bank owns the entire capital stock of Canadian Imperial Bank of Commerce Trust Company (Cayman) Limited, which at August 31, 1980 was carried on the books of the Bank at C.I. \$2,250,000 (Can. \$3,130,200).

Statements of Assets and Liabilities of Controlled Corporations

CANADIAN LAND & INVESTMENT COMPANY, LIMITED

(as at December 31, 1979—in Canadian Dollars)

ASSETS

Cash and due from banks	\$ 215,224
Investments	422,701
Other assets	40,160
	<u>\$ 678,085</u>

LIABILITIES

Accounts and taxes payable	\$ 6,300
Capital:	
Voting	\$ 100,000
Non-voting	600,000
	<u>700,000</u>
Deficit	(28,215)
	<u>\$ 671,785</u>
	<u>\$ 678,085</u>

The Bank owns the entire voting capital stock of Canadian Land & Investment Company, Limited, which at December 31, 1979 was carried on the books of the Bank at \$1. The non-voting capital stock of the company is owned by a subsidiary of the Bank and is carried on its books at \$600,000.

COMMERCE FACTORS LIMITED

(as at October 31, 1980—in Canadian Dollars)

ASSETS

Factored accounts and loans	\$ 4,976,023
Fixed assets less depreciation	106,209
Other assets	342,207
	<u>\$ 5,424,439</u>

LIABILITIES

Canadian Imperial Bank of Commerce	\$ 2,424,697
Balance owing on factored accounts	2,016,532
Other liabilities	528,086
Capital	\$ 1,750,006
Deficit	(1,294,882)
	<u>455,124</u>
	<u>\$ 5,424,439</u>

In the ordinary course of business, the company issues credit guarantees and undertakes to collect receivables, the combined total of which amounted to approximately \$12.5 million at October 31, 1980. The Bank owns the entire capital stock of Commerce Factors Limited, which at October 31, 1980 was carried on the books of the Bank at \$1,750,500.

COMMERCE LEASING LIMITED

(as at October 31, 1980—in Canadian Dollars)

ASSETS

Net lease receivables	\$195,251,841
Fixed assets less depreciation	159,402
Other assets	181,590
	<u>\$195,592,833</u>

LIABILITIES

Canadian Imperial Bank of Commerce	\$ 29,507,281
Notes payable	86,877,839
Accounts and taxes payable	1,871,443
Capital	\$77,000,300
Retained earnings	335,970
	<u>77,336,270</u>
	<u>\$195,592,833</u>

The Bank owns the entire capital stock of Commerce Leasing Limited, which at October 31, 1980 was carried on the books of the Bank at \$77,000,300.

THE DOMINION REALTY COMPANY LIMITED

Including its wholly-owned subsidiary companies (as at October 31, 1980—in Canadian Dollars)

ASSETS

Fixed assets less depreciation	\$126,829,375
Other assets	927,074

\$127,756,449**LIABILITIES**

Canadian Imperial Bank of Commerce	\$	24,838,227
Accrued interest and other liabilities		6,117,762
Notes payable:		
1981-1991 (U.S. \$30,900,000)		31,558,556
1981-1991		18,000,000
Capital	\$44,000,000	
Retained earnings	3,241,904	47,241,904

\$127,756,449

The Bank owns the entire capital stock of The Dominion Realty Company Limited, which at October 31, 1980 was carried on the books of the Bank at \$44,000,000.

IMBANK REALTY COMPANY LIMITED

Including its wholly-owned subsidiary company (as at October 31, 1980—in Canadian Dollars)

ASSETS

Fixed assets less depreciation	\$	5,825,733
Other assets		1,900,000

\$ 7,725,733**LIABILITIES**

Canadian Imperial Bank of Commerce	\$	3,956,333
Taxes payable		50,781
Capital	\$	2,750,000
Retained earnings	968,619	3,718,619

\$ 7,725,733

The Bank owns the entire capital stock of Imbank Realty Company Limited, which at October 31, 1980 was carried on the books of the Bank at \$2,750,000.

UNITED DOMINIONS CORPORATION (CANADA) LIMITED

Including its wholly-owned subsidiary companies (as at March 31, 1980—in Canadian Dollars)

ASSETS

Cash and due from banks	\$	501,546
Loans		427,034,477
Fixed assets less depreciation		514,432
Other assets		2,067,335
		<u>\$430,117,790</u>

LIABILITIES

Canadian Imperial Bank of Commerce	\$278,250,948
Loan from associated company	34,700,000
Notes and debentures payable	94,223,246
Other liabilities	5,021,858
Capital	\$13,000,000
Retained earnings	4,921,738
	<u>\$430,117,790</u>

The Bank owns the entire capital stock of United Dominions Corporation (Canada) Limited, which at March 31, 1980 was carried on the books of the Bank at \$16,786,961.

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE BANK

We have examined the statements of assets and liabilities of controlled corporations of Canadian Imperial Bank of Commerce as at the dates indicated. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities present fairly the financial positions of the corporations as at the dates indicated.

Toronto, November 26, 1980

A. G. WATSON, F.C.A. of Peat, Marwick, Mitchell & Co.
D. C. SCOTT, F.C.A. of Clarkson Gordon

} Auditors

Ten-Year Statistical Review

(thousands of dollars)

REVENUE, EXPENSES AND UNDIVIDED PROFITS	1980	1979	1978
REVENUE			
Income from loans	\$5,403,546	\$3,777,222	\$2,549,921
Income from securities	442,631	427,665	290,698
Other operating revenue	310,049	248,804	198,855
Total Revenue	\$6,156,226	\$4,453,691	\$3,039,474
EXPENSES			
Interest on deposits and bank debentures	\$4,794,206	\$3,246,922	\$1,917,414
Salaries, pension contributions and other staff benefits	627,867	546,792	465,118
Property expenses, including depreciation	165,413	146,335	120,265
Other operating expenses	357,984	274,641	231,151
Total Expenses	\$5,945,470	\$4,214,690	\$2,733,948
Balance of revenue	\$ 210,756	\$ 239,001	\$ 305,526
Provision for income taxes relating thereto (Note 4)	18,700	37,700	112,000
Balance of revenue after provision for income taxes	192,056	201,301	193,526
Appropriation for losses (Note 1)	50,000	15,000	40,000
Balance of profits for the year	142,056	186,301	153,526
Dividends	70,551	62,666	53,361
Amount carried forward	71,505	123,635	100,165
Undivided profits at beginning of year	466	1,831	1,666
Transfer from accumulated appropriations for losses	—	—	—
	71,971	125,466	101,831
Transferred to rest account	70,000	125,000	100,000
Undivided profits at end of year	\$ 1,971	\$ 466	\$ 1,831
Average number of shares outstanding*	39,195,000	39,153,843	36,322,273
PER SHARE (in dollars)			
Balance of revenue, after taxes	\$ 4.90	\$ 5.14	\$ 5.33
Balance of profits	3.62	4.76	4.23
Dividends	1.80	1.60	1.45

1977	1976	1975	1974	1973	1972	1971
\$2,043,357	\$1,838,009	\$1,551,291	\$1,369,985	\$ 825,824	\$ 590,428	\$ 516,505
232,303	205,862	183,553	176,499	148,783	159,611	162,206
174,788	163,857	144,451	112,649	96,128	84,632	72,853
\$2,450,448	\$2,207,728	\$1,879,295	\$1,659,133	\$1,070,735	\$ 834,671	\$ 751,564
\$1,483,380	\$1,331,900	\$1,110,768	\$1,041,991	\$ 558,454	\$ 408,392	\$ 393,589
419,849	359,639	301,596	241,914	192,608	154,129	138,566
103,353	88,246	74,637	64,486	58,190	53,226	45,599
190,246	154,045	129,851	104,613	80,055	63,694	51,572
\$2,196,828	\$1,933,830	\$1,616,852	\$1,453,004	\$ 889,307	\$ 679,441	\$ 629,326
\$ 253,620	\$ 273,898	\$ 262,443	\$ 206,129	\$ 181,428	\$ 155,230	\$ 122,238
103,000	128,000	128,500	104,800	88,500	73,000	61,300
150,620	145,898	133,943	101,329	92,928	82,230	60,938
30,000	35,000	40,000	38,000	38,000	33,000	20,000
120,620	110,898	93,943	63,329	54,928	49,230	40,938
48,776	44,595	41,111	38,672	33,446	27,872	25,085
71,844	66,303	52,832	24,657	21,482	21,358	15,853
4,822	3,519	687	11,030	9,548	8,190	7,337
—	—	—	—	15,000	10,000	10,000
76,666	69,822	53,519	35,687	46,030	39,548	33,190
75,000	65,000	50,000	35,000	35,000	30,000	25,000
\$ 1,666	\$ 4,822	\$ 3,519	\$ 687	\$ 11,030	\$ 9,548	\$ 8,190
\$4,840,000	\$4,840,000	\$4,840,000	\$4,840,000	\$4,840,000	\$4,840,000	\$4,840,000
\$ 4.32	\$ 4.19	\$ 3.84	\$ 2.91	\$ 2.67	\$ 2.36	\$ 1.75
3.46	3.18	2.70	1.82	1.58	1.41	1.18
1.40	1.28	1.18	1.11	.96	.80	.72

Ten-Year Statistical Review

(thousands of dollars)

ASSETS AND LIABILITIES AS AT OCTOBER 31	1980	1979	1978
ASSETS			
Cash resources	\$10,862,012	\$ 9,483,608	\$ 8,233,880
Securities	4,702,376	4,570,974	4,406,583
Loans	33,830,217	28,397,690	23,011,289
Bank premises	400,084	357,425	328,588
Other assets	5,633,538	3,184,860	2,292,011
Total	\$55,428,227	\$45,994,557	\$38,272,351
LIABILITIES			
Deposits	\$48,947,953	\$41,875,409	\$35,006,713
Sundry liabilities	4,545,123	2,316,324	1,698,893
Accumulated appropriations for losses	361,704	362,311	356,278
Capital funds:			
Debentures	462,277	400,848	300,000
Shareholders' equity	1,111,170	1,039,665	910,467
Total	\$55,428,227	\$45,994,557	\$38,272,351
ACCUMULATED APPROPRIATIONS FOR LOSSES			
Accumulated appropriations at beginning of year	\$ 362,311	\$ 356,278	\$ 332,312
Additions (deductions) during year:			
Current year's appropriation	\$ 50,000	\$ 15,000	\$ 40,000
Losses on loans under (over) five-year average	(55,152)	9,394	(22,922)
Profits and losses on securities	(2,189)	(30,093)	(10,608)
Other profits and losses, (net)	2,034	32	8,496
Provision for income taxes	4,700	11,700	9,000
Transferred to undivided profits		—	—
	\$ (607)	\$ 6,033	\$ 23,966
Accumulated appropriation at end of year:			
General	\$ 60,097	\$ 108,401	\$ 106,211
Tax-paid	301,607	253,910	250,067
Total	\$ 361,704	\$ 362,311	\$ 356,278

34 Note: For purposes of this Review, certain financial statement captions have been abbreviated or grouped, and amounts shown for earlier years have been restated where necessary to conform to the presentation used in 1980.

1977	1976	1975	1974	1973	1972	1971
\$ 6,802,000	\$ 5,516,136	\$ 4,769,445	\$ 3,838,470	\$ 3,900,295	\$ 2,495,251	\$ 2,044,230
3,424,193	2,711,762	2,539,166	2,611,826	2,492,933	2,556,442	2,864,300
19,549,517	16,354,823	13,488,454	11,509,598	8,984,594	7,611,469	5,939,516
296,229	262,735	232,365	212,730	196,528	180,471	132,646
1,897,310	1,258,587	1,229,623	774,257	527,316	457,178	419,568
\$31,969,249	\$26,104,043	\$22,259,053	\$18,946,881	\$16,101,666	\$13,300,811	\$11,400,260
\$29,316,320	\$23,867,587	\$20,146,034	\$17,394,427	\$14,801,144	\$12,205,229	\$10,419,308
1,384,271	1,070,591	1,107,995	721,265	499,563	447,535	386,351
332,312	301,363	256,825	210,822	205,249	188,819	166,731
225,000	225,000	175,000	100,000	100,000	—	—
711,346	639,502	573,199	520,367	495,710	459,228	427,870
\$31,969,249	\$26,104,043	\$22,259,053	\$18,946,881	\$16,101,666	\$13,300,811	\$11,400,260
\$ 301,363	\$ 256,825	\$ 210,822	\$ 205,249	\$ 188,819	\$ 166,731	\$ 147,803
\$ 30,000	\$ 35,000	\$ 40,000	\$ 38,000	\$ 38,000	\$ 33,000	\$ 20,000
(21,728)	(3,147)	(4,844)	(5,624)	(1,360)	(3,811)	(8,653)
2,102	16,085	11,580	(26,772)	(5,332)	1,082	18,108
75	—	(733)	(31)	322	2,117	(527)
20,500	(3,400)	—	—	(200)	(300)	—
—	—	—	—	(15,000)	(10,000)	(10,000)
\$ 30,949	\$ 44,538	\$ 46,003	\$ 5,573	\$ 16,430	\$ 22,088	\$ 18,928
\$ 119,709	\$ 101,133	\$ 93,110	\$ 88,865	\$ 108,500	\$ 115,482	\$ 122,562
212,603	200,230	163,715	121,957	96,749	73,337	44,169
\$ 332,312	\$ 301,363	\$ 256,825	\$ 210,822	\$ 205,249	\$ 188,819	\$ 166,731

Directors

Chairman and Chief Executive Officer

****RUSSELL E. HARRISON**

Vice-Chairman and President

***R. DONALD FULLERTON**

Vice-Chairmen

JOHN A. C. HILLIKER

C. M. LAIDLEY

Executive Vice-President

***LAWRENCE G. GREENWOOD**

*Chairman and President,
The Dominion Realty Company, Limited,
Toronto*

Board Vice-Presidents

***M. E. JONES, Q.C., LL.B.**

Senior Partner, Bennett Jones, Calgary

***H. J. LANG, P.Eng.**

Chairman of the Board, Canron Inc., Toronto

***J. D. LEITCH**

President, Upper Lakes Shipping Ltd., Toronto

***W. F. McLEAN**

Chairman, Canada Packers Inc., Toronto

***ANDRÉ MONAST, Q.C.**

Partner, Létourneau & Stein, Quebec

***GEORGE T. RICHARDSON, B.Com., LL.D.**

President, James Richardson & Sons, Limited, Winnipeg

***J. C. BARROW**

Director, Simpsons-Sears Limited, Toronto

DOUGLAS G. BASSETT

*President and Chief Executive Officer,
Baton Broadcasting Incorporated, Toronto*

***CONRAD M. BLACK,
LL.D., Litt.D., LL.L., M.A.**

*Vice-Chairman, Hollinger Argus Limited,
Toronto*

EDMUND C. BOVEY, C.M.

*Chairman,
Norcen Energy Resources Limited, Toronto*

***MARSH A. COOPER, D.Sc., P.Eng.**

*President,
M. A. Cooper Consultants, Inc., Toronto*

E. H. CRAWFORD

*President,
The Canada Life Assurance Company,
Toronto*

***R. FRASER ELLIOTT, Q.C., B.Com., M.B.A.**

*Senior Partner,
Stikeman, Elliott, Roberts & Bowman,
Toronto*

ALBERT L. FAIRLEY, JR., B.Sc.

*Director, Sun Life Assurance Company
of Canada, Birmingham, Ala.*

J. P. GALLAGHER

*Chairman and Chief Executive Officer,
Dome Petroleum Limited, Calgary*

BERTRAND GERSTEIN, LL.D.

*Chairman of the Board,
Peoples Jewellers Limited, Toronto*

HUGH G. HALLWARD

President, Argo Construction Ltd., Montreal

A. D. HAMILTON

*President and Chief Executive Officer,
Domtar Inc., Montreal*

W. M. HATCH

Director, Jannock Limited, Toronto

***SYDNEY M. HERMANT, B.A., LL.D.**

*Chairman and Chief Executive Officer,
Imperial Optical Company Ltd., Toronto*

F. MARGUERITE HILL,

M.A., M.D., F.R.C.P.(C)
*Physician-in-Chief,
Women's College Hospital, Toronto*

FREDERICK W. HILL

*Chairman of the Board,
McCallum Hill Limited, Regina*

HARRY HOLE, P.Eng.

*Vice-President and General Manager,
Lockerbie and Hole Western Limited,
Edmonton*

G. R. HUNTER, M.B.E., Q.C., LL.B.

Partner, Pitblado & Hoskin, Winnipeg

***JAMES W. KERR**

*Director,
TransCanada PipeLines, Toronto*

CALVERT KNUDSEN

*Chairman and Chief Executive Officer,
MacMillan Bloedel Limited, Vancouver*

OLIVIER LECERF

*Chairman and Chief Executive Officer,
Lafarge S.A., Paris, France*

***A. J. MacINTOSH, Q.C., LL.B.**

Partner, Blake, Cassels & Graydon, Toronto

W. DARCY McKEOUGH

*President and Chief Executive Officer,
Union Gas Limited, Chatham*

***JEAN P. W. OSTIGUY, O.C., LL.D.**

*Chairman of the Board,
Greenshields Incorporated, Montreal*

***ALFRED POWIS**

*Chairman and President,
Noranda Mines Limited, Toronto*

EWART A. PRATT, B.Sc.(Econ.)

*Chairman, Steers Limited,
St. John's, Nfld.*

CONRAD S. RILEY

*Chairman,
The Canadian Indemnity Company,
Winnipeg*

**HON. JOHN P. ROBERTS,
P.C., C.C., Q.C., LL.D., D.C.L.**

*Partner, Stikeman, Elliott, Roberts &
Bowman, Toronto*

ROBERT G. ROGERS
*Chairman of the Board,
Crown Zellerbach Canada Limited,
Vancouver*

DR. CATHERINE WALLACE, O.C.
*Chairman, Maritime Provinces
Higher Education Commission, Fredericton*

*ROBERT C. SCRIVENER
*Director,
Northern Telecom Limited, Toronto*

*WALTER G. WARD, B.Sc.(Eng.), P.Eng.
*Chairman, The Algoma Steel
Corporation, Limited, Toronto*

*J. PAGE R. WADSWORTH
*Chairman of the Board,
Confederation Life Insurance Company,
Toronto*

W. GALEN WESTON
*Chairman and President,
George Weston Limited, Toronto*

*Member of Executive Committee

**Chairman of Executive Committee

International Advisory Council

Barbados:
JOHN S. GODDARD
*Chairman and Chief Executive Officer,
Goddard Enterprises Limited, Bridgetown*

France:
COUNT PIERRE CELIER
*Chairman,
Compagnie Générale d'Industrie et de
Participations, Paris*

Federal Republic of Germany:
DR. HERBERT GRUENEWALD
*Chairman of the Managing Board,
Bayer AG, Leverkusen*

Hong Kong:
LI KA SHING
*Chairman and Managing Director,
Cheung Kong (Holdings) Limited*

Italy:
DR. GUIDO CARLI
*President, Union des Industries de la
Communaute Europeenne, Rome*

Japan:
DR. KOJI KOBAYASHI
*Chairman of the Board and
Chief Executive Officer,
Nippon Electric Co., Ltd., Tokyo*

Netherlands:
DR. HAN HOOG
*Chairman,
Energy Research Centre Netherlands,
The Hague*

Sweden:
HANS WERTHEN
Chairman, AB Electrolux, Stockholm

United Kingdom:
THE RT. HON. LORD MCFADZEAN, K.T.
*Honorary President,
British Insulated Callender's Cables Limited,
London*

SIDNEY SPIRO
*Director,
De Beers Consolidated Mines Limited, London*

United States:
J. ROBERT FLUOR
*Chairman and Chief Executive Officer,
Fluor Corporation, Irvine, California*

HAROLD A. SHAUB
*Director,
Campbell Soup Company,
Camden, New Jersey*

Canada:
THOMAS J. BATA
President, Bata Limited, Toronto

J. P. GALLAGHER
*Chairman and Chief Executive Officer,
Dome Petroleum Limited, Calgary*

Directors Emeritus

AUBREY W. BAILLIE, Toronto
HENRY BORDEN,
O.C., C.M.G., Q.C., LL.D., D.C.L., Toronto
HON. JOHN V. CLYNE, Vancouver
RALPH W. COOPER, Hamilton
IAN D. DAVIDSON, C.B.E., Cuernavaca, Mexico
M. A. EAST, Saskatoon
ELIOT S. FROSST, Montreal
E. C. GILL, LL.D., F.S.A., Toronto
EDGAR L. HICKMAN, St. John's, Nfld.
W. F. JAMES, Ph.D., Toronto

M. W. MACKENZIE,
O.C., C.M.G., LL.D., C.A., Ottawa
SENATOR, HON. ERNEST C. MANNING,
P.C., C.C., LL.D., Edmonton
THOMAS H. MCCLELLAND,
B.Sc., P.Eng., Vancouver
H. L. MCCULLOCH, B.A.Sc., Cambridge
THE RT. HON. LORD MCFADZEAN, K.T.,
London, England
GEORGE H. McIVOR, C.M.G., Calgary
ALLEN A. McMARTIN,
Tucker's Town, Bermuda

TREVOR F. MOORE, Toronto
PHILIP W. OLAND, O.C., C.D., B.Sc., LL.D.,
Saint John, N.B.
MAJ.-GEN. HON. E. C. PLOW,
C.B.E., D.S.O., C.D., D.C.L., Brockville
J. E. RICHARDSON, LL.B., Vancouver
J. D. SIMPSON, Vancouver
J. HERBERT SMITH, D.Sc., Toronto
JAMES STEWART, C.B.E., LL.D., Toronto
A. A. THORNBROUGH, M.A., B.Sc.,
Boca Raton, Florida

Chairman and Chief Executive Officer
RUSSELL E. HARRISON

R. DONALD FULLERTON
*Vice-Chairman and President
International Banking*

JOHN A. C. HILLIKER
*Vice-Chairman
Domestic Regions*

CHARLES M. LAIDLEY
*Vice-Chairman
Corporate Banking*

JAMES G. BICKFORD
*Executive Vice-President
Administration*

CLARENCE W. COLE
*Executive Vice-President
Finance*

LAWRENCE G. GREENWOOD
*Executive Vice-President
Office of the Chairman*

A. WARREN MOYSEY
*Executive Vice-President
Systems*

B. V. GESTRIN
*Vice-President and
Economic Adviser*

E. L. PURSEY
*Vice-President and
Controller*

G. W. RADFORD
Corporate Secretary

G. B. SOTEROFF
*Director of Public
Relations*

ADMINISTRATION

JAMES G. BICKFORD, *Executive Vice-President*

HUMAN RESOURCES

E. S. DUFFIELD, *Senior Vice-President*

P. J. COTTON, *Vice-President (Personnel)*

N. EAKINS, *Assistant General Manager (Employee Relations)*

J. M. HAZLEWOOD, *Assistant General Manager (Personnel)*

INSPECTION

A. D. BROOMFIELD, *Vice-President and Chief Inspector*

ADMINISTRATION

J. S. ALLAN, *Assistant General Manager*

REAL ESTATE

R. A. McELWAIN, *Vice-President*

A. S. HASKETT, *Assistant General Manager (Premises)*

J. W. S. MARTIN, *Assistant General Manager
(Commerce Court Building Management)*

J. B. THOMPSON, *Assistant General Manager
(Property Development and Administration)*

ACCOUNTS AND CONTROL

D. BOWDER, *Chief Accountant*

P. G. S. CANTOR, *Taxation Director*

FINANCE

CLARENCE W. COLE, *Executive Vice-President*

J. C. PATTISON, *Vice-President*

DOMESTIC REGIONS

JOHN A. C. HILLIKER, *Vice-Chairman*

R. G. RUSSELL, *Vice-President and General Manager*

R. V. KEITH, *Assistant General Manager*

L. W. REAL, *Assistant General Manager*

MORTGAGE DIVISION

J. M. BROOKS, *Vice-President*

CONSUMER DIVISION

J. E. WIGHTMAN, *Vice-President*

R. F. WOODWARD, *Assistant General Manager*

INTERNATIONAL BANKING CENTRE,
ONTARIO REGIONS

H. G. PALAZZI, *Assistant General Manager*

REGIONAL ORGANIZATION

ATLANTIC REGION (HALIFAX)

J. D. SIMPSON, *Vice-President and Regional General Manager*

D. A. LOEWEN, *Assistant General Manager*

MONTREAL REGION (MONTREAL)

M. J. M. CASAVANT, *Vice-President and
Regional General Manager*

D. J. LEYNE, *Assistant General Manager*

P. H. D. MCCARTHY, *Assistant General Manager*

QUEBEC REGION (MONTREAL)

P. F. LEGER, *Vice-President and Regional General Manager*

E. R. HANDRAHAN, *Assistant General Manager*

ONTARIO (TORONTO REGIONS)

D. A. LEWIS, *Senior Vice-President*

S. S. WILLIAMS, *Vice-President, Corporate Banking*

L. D. HIVON, *Assistant General Manager*

ONTARIO CENTRAL EAST REGION (TORONTO)

T. P. G. MORRIS, *Vice-President and
Regional General Manager*

F. M. BRECHT, *Assistant General Manager*

ONTARIO CENTRAL WEST REGION (TORONTO)

H. G. MILLS, *Vice-President and Regional General Manager*

L. S. C. WILSON, *Assistant General Manager*

ONTARIO TORONTO CITY REGION (TORONTO)

G. T. ORMSTON, *Senior Vice-President and
Regional General Manager*

H. R. SCHLACK, *Assistant General Manager*

J. R. MCGILL, *Assistant General Manager*

ONTARIO COMMERCE COURT REGION (TORONTO)

F. E. K. UDELL, *Vice-President and Manager*

P. M. HOWARD, *Assistant General Manager,
International Banking*

ONTARIO EAST AND NORTH REGION (OTTAWA)

R. N. BRADY, *Vice-President and Regional General Manager*

J. WEBSTER, *Assistant General Manager*

ONTARIO CENTRAL SOUTH REGION (HAMILTON)

R. J. BISSET, *Vice-President and Regional General Manager*

D. D. BARRETT, *Assistant General Manager*

ONTARIO SOUTH-WEST REGION (LONDON)

W. F. SPENCE, *Vice-President and
Regional General Manager*

D. W. STEPHENSON, *Assistant General Manager*

MANITOBA REGION (WINNIPEG)

J. D. HAIG, *Vice-President and Regional General Manager*

O. J. WIENS, *Assistant General Manager*

SASKATCHEWAN REGION (REGINA)

J. B. ROGAN, *Vice-President and Regional General Manager*

W. E. TANNAHILL, *Assistant General Manager*

ALBERTA SOUTH REGION (CALGARY)

V. R. B. NORDHEIMER, *Vice-President and
Regional General Manager*

G. K. SHERMAN, *Assistant General Manager*

ALBERTA NORTH AND NORTHWEST
TERRITORIES REGION (EDMONTON)

J. G. ANDERSON, *Vice-President and Regional General Manager*

G. P. DIXON, *Assistant General Manager*

N. H. LEWIS, *Assistant General Manager*

BRITISH COLUMBIA—VANCOUVER AND
LOWER MAINLAND REGION (VANCOUVER)

C. J. SHIRLEY, *Vice-President and Regional General Manager*

J. E. WILLSON, *Assistant General Manager*

BRITISH COLUMBIA—VANCOUVER ISLAND,
INTERIOR AND YUKON REGION (VANCOUVER)

G. W. LEWIS, *Vice-President and Regional General Manager*

G. T. BRADLEY, *Assistant General Manager*

INTERNATIONAL BANKING

R. DONALD FULLERTON, *Vice-Chairman and President*

INTERNATIONAL OFFICE, Toronto

C. E. LANGSTON, *Vice-President and General Manager*

I. R. HARRISON, *Vice-President (Credits)*

GENERAL MANAGERS

B. D. BRUCE, *(Money Market Group)*

D. J. CHIAPPE, *(Latin America)*

C. H. CORINALDI, *(West Indies)*

W. SHURNIAK, *(Far East & Australasia)*

ASSISTANT GENERAL MANAGERS

B. L. BANNERMAN, *(Correspondent Banking)*

B. D. G. JONES, *(Martin Corporation Group Limited, Australia)*

R. M. KELLY, *(Operations)*

E. J. MORRIS, *(Export Finance)*

B. J. SWANSON, *(Human Resources)*

D. J. GRIFFITHS, *Vice-President and Special Assistant to the
Vice-Chairman and President*

UNITED STATES OPERATIONS OFFICE, New York

A. L. FLOOD, *Vice-President, U.S.A.*

J. S. HUNKIN, *General Manager, U.S.A.*

G. E. BEASLEY, *Assistant General Manager (Credit)*

R. D. GOLDHAWK, *General Manager
(Southwest and Rocky Mountain
Region, U.S.A.)*

R. A. McKERROLL, *General Manager
(Western Region, U.S.A.)*

CALIFORNIA CANADIAN BANK, San Francisco

R. A. McKERROLL, *President*

L. W. BLANCHARD, *Senior Vice-President*

D. F. BOWMAN, *Senior Vice-President*

B. D. WILLIAMSON, *Senior Vice-President*

EUROPEAN OPERATIONS OFFICE, London

P. H. NICKELS, *Vice-President*

(Europe, Africa and the Middle East)

M. A. MacINTYRE, *Assistant General Manager*

C.I.B.C. LIMITED, London

R. PLENTL, *Managing Director*

J. B. CLARK, *Deputy Managing Director*

F. SHAUGHNESSY, *Deputy Managing Director*

CORPORATE BANKING

CHARLES M. LAIDLEY, *Vice-Chairman*

CORPORATE BANKING DIVISION

T. V. GRINDLEY, *Vice-President and General Manager*

J. P. MORETON, *Vice-President
(Government Relations)*

J. A. MYERS, *Vice-President
(Corporate Banking)*

J. W. BOWDEN, *Assistant General Manager
(Corporate Finance)*

J. BUMISTER, *Assistant General Manager
(Corporate Services)*

L. W. MacLACHLAN, *Assistant General Manager
(Corporate Development)*

A. R. MELMAN, *Assistant General Manager
(Corporate Finance)*

D. F. ROBERTS, *Assistant General Manager
(Corporate Finance)*

CORPORATE CREDIT DIVISION

J. R. McSHERRY, *Vice-President and General Manager*

F. D. A. BOAL, *Vice-President*

R. F. HENTHORN, *Vice-President*

J. A. M. WILLIAMSON, *Vice-President*

W. M. BOWERS, *Assistant General Manager*

CORPORATE CREDIT DIVISION (Continued)

J. G. BREEN, *Assistant General Manager*

R. D. BRIDGE, *Assistant General Manager*

D. A. CLUTTON, *Assistant General Manager*

P. H. FARRAR, *Assistant General Manager*

D. J. HOLMES, *Assistant General Manager*

R. B. PRATT, *Assistant General Manager*

OIL AND GAS DIVISION, Calgary

F. S. DUNCANSON, *Senior Vice-President*

B. G. COMBER, *Assistant General Manager*

G. W. WATSON, *Assistant General Manager*

SYSTEMS AND PLANNING DEPARTMENT

W. J. MIZEN, *Assistant General Manager*

UNITED DOMINIONS CORPORATION (CANADA) LIMITED

A. D. THOMPSON, *President*

COMMERCE LEASING LIMITED

J. F. HARTOS, *President*

COMMERCE FACTORS LIMITED

J. R. LOEWEN, *President*

SYSTEMS

A. WARREN MOYSEY, *Executive Vice-President*

K. E. LONG, *Vice-President, Operations*

R. J. WHITE, *Vice-President,
Planning and Control*

R. P. WISMER, *Vice-President, Development*

H. C. DICKSON, *Assistant General Manager*

(Development—International/Corporate/Administration)

D. H. HILLS, *Assistant General Manager (Domestic Regions Systems)*

C. E. PEDLAR, *Assistant General Manager (Planning)*

M. RYLES, *Assistant General Manager (Human Resources Administration)*

J. R. WARD, *Assistant General Manager (Human Resources)*

Offices of the Bank

HEAD OFFICE:

COMMERCE COURT, TORONTO, CANADA M5L 1A2

Cable Address CANBANK, TORONTO, CANADA

Telephone 862-2211

Telex No. 065-24116 Answer-Back "Canbank Tor"

INTERNATIONAL OFFICES

IN THE UNITED STATES

Banking Offices

Atlanta, Georgia
First National Bank Tower,
Suite 1400,
2 Peachtree Street N.W.,
Atlanta, Georgia, 30303 (Agency)

New York, N.Y.
22 William Street, New York,
N.Y., 10005 (Agency)

Beaverton, Oregon
3425 S.W. Cedar Hills Blvd.,
Beaverton, Oregon, 97005

Portland, Oregon
504 S.W. Sixth Avenue,
Portland, Oregon, 97207
1600 S.W. Fourth Street,
Portland, Oregon, 97201

905 N.E. Halsey Street,
Portland, Oregon, 97232

Seattle, Washington
801 Second Avenue,
Seattle, Washington, 98104

Representative Offices

Chicago, Illinois
Suite 4100, 135 South La Salle Street,
Chicago, Illinois, 60603

Dallas, Texas
Suite 818, One Main Place,
Dallas, Texas, 75250

Los Angeles, California
Suite 204, 700 South Flower Street,
Los Angeles, California, 90017

Pittsburgh, Pennsylvania
Suite 5670,
United States Steel Building,
600 Grant Street,
Pittsburgh, Pennsylvania, 15219

San Francisco, California
340 Pine Street, San Francisco,
California, 94104

IN EUROPE

European Operations Office

55 Bishopsgate, London, England,
EC2N 3NN

Banking Offices

London, England
55 Bishopsgate, London, England,
EC2N 3NN
48 Berkeley Square, London, England,
W1X 6HE

Paris, France
19, Avenue Montaigne,
75008, Paris, France

Frankfurt, Germany
Bockenheimer Landstrasse 51-53,
D6000 Frankfurt/Main, West Germany

Representative Offices

Amsterdam, The Netherlands
Vijzelstraat 79B, 1017 HG,
Amsterdam, The Netherlands

Birmingham, England
1st Floor, Alpha Tower,
Suffolk Street,
Birmingham, England, B1 1TT

Milan, Italy
Via V Pisani 19,
I 20124, Milan, Italy

Zurich, Switzerland
Bleicherweg 39,
8002, Zurich, Switzerland

IN THE MIDDLE EAST

Manama, Bahrain
Offshore Banking Unit
and Representative Office,
Box 774, Manama, Bahrain

IN ASIA

Area Office—Far East & Australasia

19th Floor, China Building,
29 Queen's Road Central, Hong Kong

Banking Offices

Hong Kong
19th Floor, China Building,
29 Queen's Road Central, Hong Kong

Singapore
Offshore Branch with Asian Currency Unit,
Tower 1401, D.B.S. Building,
6 Shenton Way, Singapore 1

Offices of the Bank (continued)

IN ASIA

Representative Office

Tokyo, Japan
Suite 910, Kokusai Building,
1-1, Marunouchi 3-chome, Chiyoda-ku,
Tokyo 100, Japan

IN AUSTRALIA

Representative Office

Sydney, Australia
AMP Centre, 50 Bridge St.,
Sydney, N.S.W. 2000, Australia

IN LATIN AMERICA

Representative Offices

Buenos Aires, Argentina
Av Roque Saenz Peña,
No. 917—1er Piso,
1035 Buenos Aires, Republica Argentina

Mexico City, Mexico
Paseo de la Reforma 199-1101,
Mexico 5, D.F., Mexico

São Paulo, Brazil
Rua Libero Badaro, 377-12°-cj 1203,
CEP 01009-São Paulo (SP), Brazil

IN THE WEST INDIES

Bahamas and Caymans Area Office
Box N8329, Nassau, Bahamas

Branches at Bay and Parliament, Coconut Grove, Madeira Shopping Centre, Nassau Beach Hotel, Potter's Cay, Nassau (New Providence Island); Man-of-War Cay, Marsh Harbour (Abaco Island); San Andros, (Andros Island); Freeport, Eight Mile Rock, Queen's Highway, International Airport, (Grand Bahama Island); George Town, Grand Cayman.

Eastern Caribbean Area Office
Box 503, Bridgetown, Barbados

Branches at St. John's, Antigua; Broad Street, Pandora's Shopping Centre, Trafalgar and Marhill, Bridgetown; Fontabelle, Oistins, Peronne Plaza, Rock Dundo, Sunset Crest Shopping Centre, Holetown, Speightstown, Worthing, Barbados; Castries, Vieux Fort, St. Lucia and Kingstown, St. Vincent.

TRUST OPERATIONS

A full range of trust services is available through:

The Canadian Bank of Commerce Trust Company, 20 Exchange Place,
New York, N.Y. 10005

Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited,
P.O. Box N3933, Nassau, Bahamas

Bank of Commerce Trust Company Barbados Limited,
P.O. Box 1008, Bridgetown, Barbados

Canadian Imperial Bank of Commerce Trust Company (Cayman) Limited,
P.O. Box 694, Grand Cayman,
Cayman Islands

The Canadian Bank of Commerce Trust Company (Caribbean) Limited,
P.O. Box 43, Kingston, Jamaica

Bank of Commerce Trust Company Trinidad and Tobago Limited,
P.O. Box 1059, Port of Spain, Trinidad

Offices of the Bank (continued)

WHOLLY-OWNED INTERNATIONAL SUBSIDIARIES

Bank of Commerce Jamaica Limited
Head Office,
Box 762, 121 Harbour Street,
Kingston, Jamaica

Branches at King and Harbour, Duke and
Laws, Half Way Tree, Manor Park Shop-
ping Centre, New Kingston, Newport West,
Twin Gates Shopping Centre, Kingston;
Mandeville; May Pen; Montego Bay; Ocho
Rios and Port Antonio.

CIBC Finance B.V.
Vijzelstraat 79B,
Amsterdam, The Netherlands

CIBC Finanz AG
Bleicherweg 39,
8002, Zurich,
Switzerland

CIBC Limited
55 Bishopsgate,
London, England,
EC2N 3NN

California Canadian Bank
Head Office,
340 Pine Street,
San Francisco, California 94104
Branches at Belmont; Campbell; Concord;
Cupertino; El Cajon; Lafayette; 700 South
Flower Street, 3301 Wilshire Boulevard, Los
Angeles; Mission Viejo; Newport Beach;
Orange; Palo Alto; Pleasant Hill; Rancho
Mirage; Sacramento; 770 B Street, 4160
Kearny Mesa Road, 3505 Sports Arena
Boulevard, San Diego; 344 Pine Street, 35
Bay Street, 1000 Taraval Street, San Fran-
cisco; San Jose; San Mateo; San Rafael;
Santa Rosa; and Sunnyvale.

Canadian Imperial Bank of Commerce
(Asia) Limited
Tower 1401-A, DBS Building,
6 Shenton Way,
Singapore 0106

Canadian Imperial Bank of Commerce
(International) S.A.
1 Rue du Boccador,
75008 Paris, France

Commerce International Finance
Company (Asia) Limited
19th Floor, China Building,
29 Queen's Road Central,
Hong Kong

Commerce International Trust Limited
55 Bishopsgate,
London, England,
EC2N 3NN

INTERNATIONAL AFFILIATES

Bank of Commerce
Trinidad and Tobago Limited
Head Office,

P.O. Box 69,
Port of Spain, Trinidad
Branches at 72 Independence Square,
Ariapita Ave. at Murray, 53 Frederick
Street and 55 Queen Street, Port of Spain;
Chaguanas, Glencoe, Marabella, Maraval,
St. James, San Fernando, San Juan, Tuna-
puna and Valsayn, Trinidad; and
Scarborough, Tobago.

Banque Arabe et Internationale
d'Investissement
12, Place Vendôme,
75001 Paris, France

Banque des Iles Saint-Pierre et Miquelon
Rue Jacques-Cartier,
Saint-Pierre,
Saint-Pierre et Miquelon

Canadian Eastern Finance Limited
20th Floor, China Building,
29 Queen's Road Central,
Hong Kong

Crédit Commercial de France S.A.
103, Avenue des Champs-Élysées,
Paris, France

International Energy Bank Limited
5th Floor, Winchester House,
100 Old Broad Street,
London, England,
EC2M 1BE

Kuwait Pacific Finance Company Limited
1405-1408 Hutchison House,
10 Harcourt Road,
Central Hong Kong

Martin Corporation Group Limited
P & O Building,
2 Castlereagh Street,
Sydney, N.S.W. 2000,
Australia

Transatlantic Trust Corporation
Saint John, New Brunswick,
Canada

Offices of the Bank (continued)

DOMESTIC REGIONAL OFFICES

ATLANTIC:

Atlantic Region

1809 Barrington Street,
Halifax, N.S., B3J 3K8

QUEBEC:

Montreal Region

Quebec Region

1155 Dorchester Blvd. West,
Montreal, P.Q., H3B 3Z4

ONTARIO:

Ontario Central East Region

Ontario Central West Region

Ontario Toronto City Region

Ontario Commerce Court Region

Commerce Court West,
Toronto, M5L 1A2

Ontario East and North Region

222 Queen Street,
Ottawa, Ontario, K1P 5V9

Ontario Central South Region

1 James Street South,
Hamilton, Ontario, L8P 4R5

Ontario South-West Region

380 Wellington Street,
London, Ontario, N6A 5B5

MANITOBA:

Manitoba Region

375 Main Street,
Winnipeg, Manitoba, R3B 0X3

SASKATCHEWAN:

Saskatchewan Region

1867 Hamilton Street,
Regina, Saskatchewan, S4P 2C2

ALBERTA AND

NORTHWEST TERRITORIES:

Alberta South Region

309-8th Ave. S.W.,
Calgary, Alberta, T2P 1C6

Alberta North and

Northwest Territories Region

9990 Jasper Ave.,
Edmonton, Alberta, T5J 1P6

BRITISH COLUMBIA AND YUKON:

Vancouver and Lower Mainland Region

Vancouver Island, Interior and Yukon Region

640 West Hastings Street,
Vancouver, B.C., V6B 1P9

INTERNATIONAL BANKING CENTRES IN CANADA

TORONTO

Commerce Court,
Toronto, M5L 1A2

VANCOUVER

640 West Hastings Street,
Vancouver, B.C., V6B 1P9

MONTREAL

1155 Dorchester Blvd. West,
Montreal, P.Q., H3C 3B2

HALIFAX

1809 Barrington Street,
Halifax, N.S., B3J 3A3

CALGARY

309-8th Ave. S.W.,
Calgary, Alberta, T2P 2G9

WINNIPEG

375 Main Street,
Winnipeg, Manitoba, R3C 2P3

Acknowledgements:

Rous, Mann & Brigdens Limited
Gilbert Studios Limited
Computer Visuals, Inc.

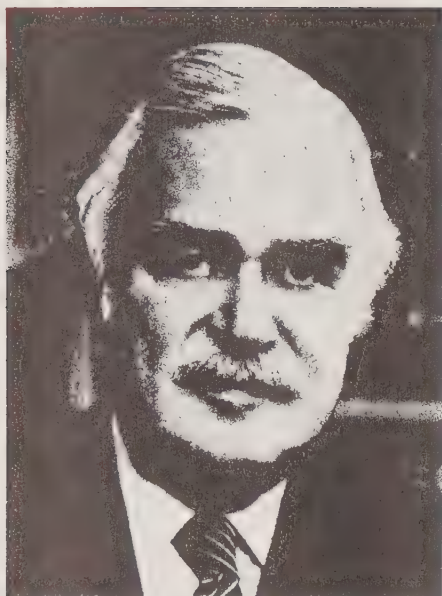


CANADIAN IMPERIAL
BANK OF COMMERCE

Printed in Canada



Unity of a people



The Honourable John P. Robarts,
P.C., C.C., Q.C., LL.D., D.C.L.

Mr. Robarts is a native of Banff, Alberta, but moved to Ontario at an early age. After being graduated with honours in Business Administration from the University of Western Ontario in 1939, he served for five years with the Royal Canadian Navy. He then studied law at Osgoode Hall in Toronto and was called to the Bar of Ontario in 1947.

Mr. Robarts entered political life in 1951, when he was elected a Member of the Legislature of Ontario. During the period from 1958 to 1963 he served as Minister without Portfolio and as Minister of Education. He became Prime Minister of Ontario in 1961 and led the provincial government for the following 10 years.

After his retirement from active politics, Mr. Robarts served as Chancellor of the University of Western Ontario and was made a Companion of the Order of Canada.

A partner in a prominent Toronto law firm, Mr. Robarts sits on the Boards of Directors of numerous Canadian corporations. In 1977 he was appointed Chancellor of York University.

On July 5, 1977, he was given the demanding task of investigating the question of Canadian unity, as Co-Chairman, with the Honourable Jean-Luc Pépin, of the federally constituted Task Force on Canadian Unity, whose massive and illuminating report was issued in March 1979.

SPECTRUM

*A new platform for the lively,
articulate voices of Canada.*

This is the first issue of a new publication which represents a significant initiative on the part of Canadian Imperial Bank of Commerce.

Spectrum will be published four times a year. One issue of each calendar year will deal with the state of the nation's economy in very broad and comprehensive terms. Each of the other three issues will embody a single article by a person of recognized eminence in his or her particular field.

We are immensely pleased that the first issue of *Spectrum* is from the pen of the Honourable John P. Robarts. This is an indication of the level of excellence we propose to maintain in forthcoming issues of this publication, covering the broad "spectrum" of the liberal arts, humanities, science, philosophy and socio-economics.

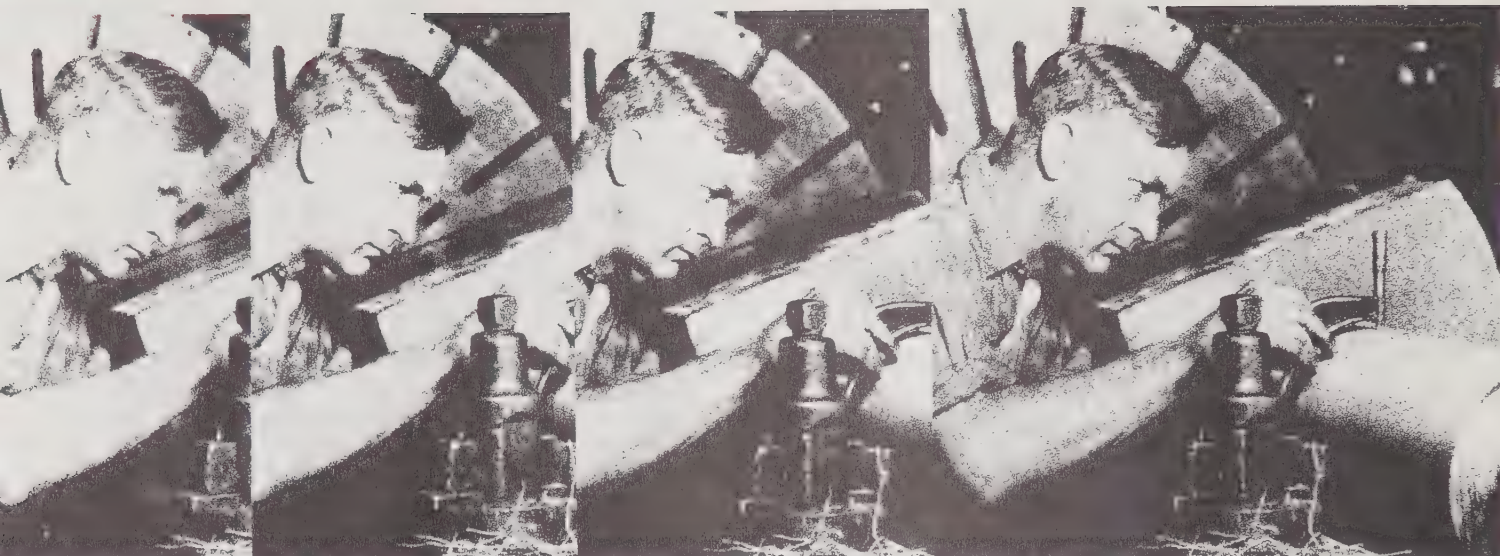
JAN 23 1980



Unity of a people

I am honoured to have been asked to contribute to the first issue of *Spectrum*, the new publication of Canadian Imperial Bank of Commerce. It is perhaps inevitable that my chosen subject should be Canadian Unity, although that does not make it any easier to approach once again this most topical, if vexatious, Canadian preoccupation.

My association with the efforts of Canadians to find correct answers to the many questions that beset us stems from the simple fact that I happened to be pursuing a political career at a particular time in the history of our country. The late 1950s to the early 1970s marked a period of vigorous economic development in Canada; it was also a period of great political change, not always visible and, at best, only vaguely understood at the time. It culminated in the emergence of outright separatism in Quebec and the development of strong regional nationalism in Western Canada. The phenomenon of increasing material well-being in juxtaposition with increasing political and social discontent may seem paradoxical, but it was nonetheless the central fact of that era.



Industrial production expanded... fuelled by enormous increases in international trade.

Thus was developed the theme, the concept, the intellectual attitude embodied in the term "Canadian Unity". It has been alluded to as "Canada's newest cottage industry". It has resulted in a spate of books, articles, editorials, speeches, conferences, committees, commissions and gatherings of every sort. The self-examination and self-analysis which it produced has made us the world's most introspective people. Were it not for the seriousness of the fact that we have been dealing with the absolutely fundamental basis of the existence of our country, many of the activities of these last 20 years might be viewed as highly fascinating intellectual calisthenics, or, as Edward McWhinney has put it in his recent book *Quebec and the Constitution: 1960 to 1978*, "an abstract academic play with coloured balloons".

But such is not the case. Canada is passing through a period of travail which must and will be resolved. In the spring of this year we changed our federal government, and new initiatives are bound to emerge. Concurrently, the referendum promised by the Government of Quebec is approaching. Perhaps it is a good time to review matters and to make an assessment as to what the immediate future will bring. For we can be sure that there will be no pause of any appreciable length in the inexorable onrush of events. Change is upon us and will come whether we want it or not.

As the Task Force on Canadian Unity – of which I was privileged to be Co-Chairman – went about its duties in 1977 and 1978, we became very aware that the whole issue of Canadian Unity had "bobbed up and down in public consciousness like a cork in a choppy sea" over a period of 20 years.

We were also aware that it is difficult for crises to have meaning and immediacy to people if they go on too long and if action is delayed, or is far away, or consists mainly of words. One is reminded of the so-called "phony war" in 1939-1940, and the onrush of events thereafter.

A problem for years to come

If viewed historically, the events of the last 20 years must be seen to be completely logical and inevitable, part of a deep-seated rhythm in the political and social evolution of Canada. They are a result of underlying problems that are real, that have deep historical roots and that are also part of contemporary developments all over the world. It is equally obvious that these underlying problems require adjustments and solutions if we are to preserve our country. There is, of course, a short-term ebb and flow in the intensity of events; yet one must

“We will need to contend with the facts and problems of Canadian unity in one form or another for years to come, and must guard against any tendency to be lulled into a sense of false security.”

not be deceived or misled by such ebbs and flows, for the fundamental movement continues. We will need to contend with the facts and problems of Canadian unity in one form or another for years to come, and we must guard against any tendency to be lulled into a sense of false security.

One can readily relate much of what is causing concern in Canada today to the early events in the development of Canada as revealed in our history: first, the settlement of the St. Lawrence Valley, Central Canada and what are now referred to as the Maritime Provinces; then, the opening up of Western Canada through the construction of the railways, plus immigration from all parts of Europe and the United States (much of which, by the way, came by routes other than that same St. Lawrence Valley). However, for the purposes of this relatively short account, I will limit myself primarily to the period in which I have been to a greater or lesser degree a participant and through which most readers of this article have lived.

The history of Canada is fascinating and adventure-filled. It is more minutely detailed with every new publication that appears. Yet it is still not fully understood by all of us. Buried in it are cogent reasons for most of the events that are taking place in this country and the attitudes that are held by Canadians. But the scope of our discussion here cannot embrace that full sweep of events which started nearly four hundred years ago. Our immediate future is bound to be more easily related to

events in the post World-War II era and I intend to concentrate mainly on that period.

Pre-World War II Canada, which I knew as an undergraduate, appears to me now as having been a string of very diverse regions spread across a continent, each region deeply occupied with its own local problems, with no social or political necessity to know very much about the others. This was a country whose people did not often travel, either within their own country or abroad. The nation did not have a coast-to-coast highway, for instance, or a national television network. We were, in fact, a country whose major preoccupation was to struggle out of the depths of the Great Depression. We were just on the brink of finding ourselves, as the colonial era of the British Empire gave way to the modern concept of the British Commonwealth of Nations.

A new sense of confidence

The days of World War II brought great changes to our country. The necessity for war production turned us into a mighty industrial society. The participation by Canadians in the allied armed forces sent many tens of thousands of young Canadians travelling not only over their own country, but all over the world, to many places which until then had been only names to most Canadians.

At war's end the fighting men came home to a country with a newly-developed industrial capacity for massive production and with unrivalled sources of raw materials which were to be in huge demand everywhere.



Having participated in the success and victory of the greatest conflict in recorded history, these men were confident that there was little that could not be accomplished if only they put their minds to it.

We then entered a period of very remarkable development in almost every way. Industrial production expanded, fuelled by enormous increases in international trade. Immigration resulted in floods of new people, and the baby boom pushed our birthrate to one of the highest in the western world. We also entered a period of great political stability. As one who began a political career at the beginning of the 1950s, I suppose my most vivid memory of the government in those days is that revenues were so buoyant and spending programs so sparse and thin, it was impossible *not* to have a surplus, regardless of how one budgeted. We lived in a period of massive inflows of capital and people; of growth everywhere and of every kind. We enjoyed

an ever-increasing standard of living that eventually became the second-highest in the world. In fact, everything was getting bigger and better at such an unbelievable rate, that we could not avoid creating the greatest expectations our people had ever known, or ever could know.

An era of mass communications

Our expectations were equally encouraged and increased by the extraordinary development of our capacity to communicate – through television, the further improvement of radio, and an information explosion in magazines and newspapers, not to mention vastly expanded educational facilities at every level. We were finally and inevitably in the era of mass communications. We became not only viewers of, and participants in, all the misery in the world (Bangladesh, the war in Vietnam, the struggle in Ireland, as well as smaller-scale tragedies such as hi-jackings and assassinations), but also viewers of all

the luxuries which other parts of the world had to offer. At the same time, we were subject to the persuasive techniques of advertisers and sellers, making us crave and require every creature comfort that could be devised. Little wonder that our expectations exceeded our capability to produce. Little wonder that some people came to expect government to provide them with everything they thought everyone else had. Little wonder that we were blowing up a balloon that could only burst!

I think it is easily understandable that such a situation must create comparisons, leading to envy and jealousy, in a country whose regions were as diverse and as unequal in terms of wealth and opportunity as those of Canada. Suffering from an overabundance of plain ordinary geography, it was inevitable that people in some areas of the country would view others as being more prosperous and conclude that it was at their expense.



Concurrently, there were some very profound socio-political changes taking place. With the advent of unprecedented wealth and an increasing acceptance of the role of government in our society came strong pressures for the social betterment of all Canadians. To achieve these goals of social betterment (and I am thinking of such things as medical and hospital care, unemployment insurance, welfare assistance, pension plans, pollution and environmental control, to mention only a few) required a continuous centralization of the efforts of government, both to establish national standards from coast to coast, and to meet the increasing costs of making a common standard of service available to all. When one adds to this the principle of universality (which was dear to the hearts of the social planners of the sixties) the reason for centralization of government bureaucracy in Ottawa becomes, if not acceptable, at least understandable.

At the same time, there was an increasing capacity on the part of the various regions of the country, as embodied in the provinces and their governments, to look after their own local and regional interests. Also, regional differences and variations in prosperity were increasing by leaps and bounds, and becoming more and more obvious. These regional differences were not only bound up with economic development and a material standard of living; they were appearing, particularly in the case of Quebec, in the area of cultural aims and ideals, most specifically in the desire for true language and cultural rights. The capacity of the provincial governments to deal with these essentially local matters had been increasing for years, as their civil services increased in size and expertise. However, there was a very noticeable reluctance on the part of the federal government to recognize this development or to surrender one iota of power—particularly money power—to the regional governments.

A further interesting development in the same period was the growing recognition by the people of Canada of the capacity of their *local* governments to provide them with what they wanted, as opposed to the impersonal, far-away, tax-heavy central government, securely situated in Ottawa. It was during this post-war period that we developed our great variety of provincial governments: political parties with philosophies varying widely from those of the central federal government. I am thinking particularly of Social Credit and New Democratic governments in the west and strong Conservative governments in other provinces during protracted regimes of Liberal Party control of the central government.

The growing role of government

Underlying all of this political development lay the apparent acceptance by all Canadians of the increasing role of governments in their lives and in the control of most of their activities. It is not difficult to see how these developments served to exacerbate the differences between the various regions and the central government.





Against this background, it is perhaps understandable that, as the Task Force on Canadian Unity went about its business of conducting public meetings and providing a forum for the public to come forward and state their beliefs and positions, it was presented with a truly astonishing array of grievances, complaints and problems. Sometimes, I must confess, they appeared to be the product of a narrow preoccupation with selfish interests. Nonetheless, they were put forward by earnest, sincere, well-meaning citizens who were obviously very concerned about the future well-being of their country, and the kind of lives they and their children would lead. Frequently, a particular complaint would be advanced as the sole cause, or perhaps the most important cause, of the apparent disunity in the country. To quote from our report. "Again and again, people from one group, or one part of the country, or one economic class would engage in

an analysis which they believed to be true, but which seemed to us, who had just got off the plane from the other end of the country, to be but a small fragment of Canada's reality".

Thus, in their own way, these people demonstrated to us in very clear fashion the diversity which is so often alluded to in any discussion of Canada and its people. As we saw, in travelling from one end of the country to the other, it is a diversity which often seems to derive merely from lack of knowledge. The country sometimes appeared to us to be made up of small groups wholly concerned with themselves and somehow unaware of other groups in other parts of the country – all of whom, taken together, comprise the total reality of Canada. This, of course, can be related quite directly to the immensity of our geography. Prince Rupert, British Columbia; Estevan, Saskatchewan; Wingham, Ontario; Chicoutimi, Quebec; Yarmouth, Nova Scotia; and Grand Falls, Newfoundland as examples, may be said to have little in common, other than that they are all in Canada, and are all part of this great country with everything it offers to those who live within its boundaries.





Jean Lesage

Even more disturbing, we discovered among Canadians elements of suspicion and occasionally hostility, envy, intolerance and extreme parochialism which ran counter to the basic strains of good-will and generosity, of which there was plenty. Once again, I cannot do better than to quote from our report as we dealt with these attitudes. "Much of it seemed to be based on ignorance and an instinctive mistrust and fear of those who are different: those who look and dress differently, who speak a different language, who practise a different religion or enjoy unfamiliar customs, who came from somewhere else?"

Perhaps this attitude of Canadians might best be illustrated by a story. In the early 1960s Jean Lesage, then Premier of Quebec and the main architect of what has come to be known as "The Quiet Revolution", made a tour of the west in order to explain the position of Quebec and its government to the people of Western Canada. Shortly after he completed this tour we met in Toronto. I asked him how his western tour had gone, and how he had been received. "Not very well, John," he said. "But you should do a tour as well. They don't like you any more than they like me!"

So here we have it. A country of huge potential, filled with opportunity for accomplishment, a country whose people have demonstrated time and time again their capacity to achieve, to overcome difficulties, to undertake great tasks, and yet who have failed to fully comprehend the totality of what is theirs.

If we are to be united, if we are to achieve Canadian unity, or national unity, we must learn not only to recognize and accept the facts of geographic diversity, of economic, cultural, and language diversity, but to embrace and cherish the differences that are so apparent. We must understand that such differences do not constitute a threat to any of us or the ideals we stand for, but are part of a free society which we have created, and in which we may all stand free and tall, proud of ourselves as individuals, tolerant of the differences between us. If there is a common bond holding Canadians together, if there

is a common legacy which we all share and which we all enjoy, it is this right to be free, to be oneself, to be different, to be accepted as being different, all embodied within the whole that is called Canadian.

The meaning of Canadian unity

It is absolutely necessary that one understand the term Canadian unity to mean the totality of the conditions and means by which all the diverse elements, including governments, agree to support and sustain the Canadian state so that each element may thrive and prosper. There is one additional concept which must be included: namely, that the whole is greater than the sum of the parts. Each part, in being part of the whole, is worth more than if it stood alone. If this can be the understood goal of our search in Canada today, then it seems to me we will have gone a long way toward understanding not only what we want, but what our country can offer us.

What, then, is to be done to make the changes which seem to be necessary, and indeed desired, if the aims and aspirations of different parts of the country are to be fulfilled?

It is simple to advocate changing the constitution, revising the British North America Act, or scrapping it and producing an entirely new Constitution for Canada. Experience has proven that constitutional change does not come easily or cheaply, in Canada or in any other part of the world for that matter. As witness to this fact, we can look at the efforts that have been made in the last 15 or



First Ministers' Conference, February, 1978

20 years. The Right Honourable Lester B. Pearson failed in 1964, although he came remarkably close to having what was known as the Fulton-Favreau formula approved. The Right Honourable Pierre Elliott Trudeau failed with the Victoria Charter in 1971, although it may fairly be said there was a large measure of agreement among the 11 governments at that time. Looking back, the progression of events seems to start with the election of the Parti Québécois in 1976, through the many, many activities of all governments since then, followed by the general election of May, 1979 which saw the Right Honourable Joe Clark elected as Prime Minister of Canada with a minority government. And now there is the imminence of the long-awaited and much-heralded referendum in Quebec. As I stated before, the flow of these events is in itself inexorable. However, it is

impossible to forecast what procedures Mr. Clark will decide to follow, and what will be the reaction from the leaders of the provincial governments. It is equally impossible to forecast the manner in which the referendum will be handled by the Government of the Province of Quebec, for it is evident that its position is being established in large measure in response to various political influences and pressures which are apparent in the day-to-day life of that province. Nevertheless, it is possible and probably constructive, to establish certain basic positions, and certain objectives which should be pursued by those who have the executive power to make and implement the decisions which lie ahead.

First, it seems to me, and to many others, that the distinctive French and

English societies that have gradually grown up within the framework of the provinces should not be viewed as *bad things* or as problem areas, or as difficulties to be observed, measured and overcome. Rather they should be viewed as aspects of our lives as Canadians which are of great value and which add colour and variety to the fabric of our nation. The same is true of the great regional differences which I have noted and which have become so apparent in recent years. These differences are not liabilities, they are assets. They enrich the life of our country by their interplay. They are to be recognized, preserved, cherished and encouraged rather than thwarted, denied or feared. Perhaps the greatest recognition of the virtues and value of these differences came about during our Confederation celebrations of 1967 when it seemed that in that beautiful setting in the St. Lawrence River at Montreal we were as one, proud of ourselves, happy about our differences, and able to enjoy them. This must be a conscious and continuing ideal, whatever we may do to alter the arrangements by which the country exists and its people go about their day-to-day lives.

More self-assurance needed

Perhaps, too, while writing in this vein, one could put forth a plea for a little more emotionalism, a little less shyness, a little more self-recognition, a little more self-assurance as to the worth and meaning of the country and the society we have created. It is a great country, despite its apparent problems. It offers its people a degree of freedom and opportunity not available in other parts of the world.

“The common good can best be achieved, and be seen to have been achieved, if all people receive their fair share of what the total community can produce in the form of benefits.”

We have many splendid accomplishments to our credit—our railways, our seaway, our ocean port developments on both coasts, our agricultural production, our harnessing of hydro-electric power from British Columbia to Labrador, to mention but a few. These are things that have been done by Canadians of all backgrounds from all parts of the country. The pride and confidence, engendered by the proof of our ability to accomplish such things, should always be present as we approach the changes of which I have spoken.

We must also have as an objective in whatever we do the idea that there is a common good to be maintained throughout the country. It must mean something to be a Canadian in terms of what the country provides for you, whether you live on the Pacific Coast, on a farm in Manitoba, in Metropolitan Toronto or in a fishing village in Nova Scotia. Not only must it mean something but the individual must *perceive* that it means something, must be *aware* of that advantage and be proud of it!

Achieving the common good

As the Task Force went across Canada, and listened to Canadians telling in their own way what they thought of their country, and what it meant to them, too often it was apparent that they believed that the good of others was being promoted at their expense. They believed that they were being called upon to make sacrifices that others were not asked to make, and that they were receiving little, if anything, in return. Some

indicated that they felt excluded from full participation in the conduct of the affairs of the country, in the forming of policy, in the recognition of their particular needs and wants. Some, indeed, felt that they had been left behind and were receiving less from the community than they considered to be their due. This feeling can only lead to disunity. The common good can best be achieved, and be seen to have been achieved, if all people receive their fair share of what the total community can produce in the form of benefits.

There is yet another form of sharing which is equally important; one which the Task Force found to be a matter of great concern to all parts of the country, especially to those from the eastern and western regions of Canada as contrasted with the central provinces of Ontario and Quebec. I refer to the power of the community to govern, to make communal decisions which affect everyone in every part of the country. The extent to which this power has been, and will be, justly shared by all regions of Canada is not only an important factor in the present debate but has a far-reaching effect in the political and social realm. It is of enormous consequence in the economic and social life of the entire country. I must emphasize again, that this idea of power-sharing in an equitable and fair manner is very close to the hearts and minds of many Canadians. It must be a goal for which we strive in whatever changed arrangements we may make. It must be an objective that is clearly seen and wholeheartedly embraced.



Finally, our broad objective surely must be to adapt our constitutional forms and procedures, and our public policies, to fit our Canadian society as it evolves, rather than trying to force a changing and volatile society into rigid and outmoded conformations. This may seem to be thoroughly reasonable, and yet it is not easy to achieve. It is a point of view to be carefully thought out and consciously followed. One need only think of the shifting patterns of international trade and economic power – taking into account such demographic factors as the aging of our population and the impact of immigration, the westward shift of the economic centre of gravity and enterprise, the continuous growth of regionalism, the deep and profound changes in the distinctive society of Quebec – to realize the necessity of recognizing the forces at

work and the necessity of formulating policies and practices to cope with change. If we accept this as a natural and continuous process which is taking place all the time, we will not only be in a good position to deal with those vital and pressing problems which beset us immediately – we will be in a very strong position to cope with the inevitable pressures that the future will bring.

The concept in human terms

You will note that I have avoided the specifics of actual constitutional change, or any restructuring of our political system. The mechanics of the matter are beyond the scope of this article dealing with Canadian Unity. They are also being widely discussed and detailed in a variety of proposals put forward by many scholars, organizations and governments. I have tried to deal with the

basic concept of Canadian Unity in human terms, in terms of the men, women and children for whom the whole structure exists. Ultimately the forms and structures will evolve. They will conform to the will of our people, if that will is clearly and obviously seen and understood. It is necessary that all Canadians understand what it is they want, and what it is they have the power and opportunity to get. If we have the breadth of vision, a true understanding of ourselves, our differences and strengths, and a comprehension of what we have already achieved, there is no doubt in my mind that we will be able to do what is necessary to ensure the continuation of Canada in a form of which we will all be proud and in which we will be able to achieve our personal aims and objectives.

For a number of years the Commerce has regularly published the *Commercial Letter*, a periodical devoted in large measure to the in-depth analysis of the many individual components of our national economy. We believe that the *Commercial Letter* has played a useful role within its own clearly defined terms of reference; however, we are convinced that the tastes and expectations of our readers can now be better served by a new and more diversified kind of publication.

In essence, *Spectrum* will provide a platform for the free expression of informed opinions, imaginative concepts and strongly held convictions. The views expressed will be those of the authors – not necessarily subscribing to, and certainly not influenced by, the opinions of Canadian Imperial Bank of Commerce.

We anticipate that *Spectrum* will be read by Canadians in every part of our country and by people in many nations throughout the world. We hope that it will be a stimulating experience for everyone, a contribution to a better-informed society. We hope, too, that our readers will express their feelings: comments, compliments or criticisms. Your response will be our challenge.



CANADIAN IMPERIAL
BANK OF COMMERCE

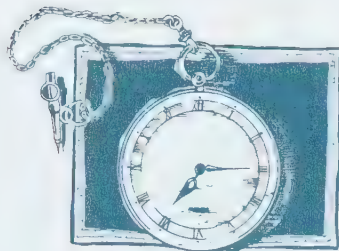
The Editor, *Spectrum*,
Canadian Imperial
Bank of Commerce,
Head Office – Commerce Court,
Toronto, Canada M5L 1A2

The Eighties:
A Time for the Arts



CANADIAN IMPERIAL
BANK OF COMMERCE

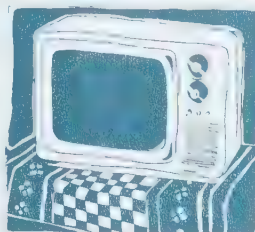
Volume 1, Number 3



”



“



by Mavor Moore



Mavor Moore is professor of theatre at York University in Toronto; he is also Chairman of the Canada Council – the first artist so appointed. After graduation from the University of Toronto and overseas service with the Canadian Army, he was made chief producer for the CBC's International Service. He spent some years as executive producer, radio-TV, for the United Nations in New York, returning to Canada to become CBC Television's first chief producer. He has been a playwright, an actor, a director, a composer and a critic.

Mr. Moore has written more than 100 plays for stage, radio and television, including five musicals and the librettos for two operas. He has been a governor of the Stratford Shakespearean Festival and the National Theatre School; founder of the Charlottetown Festival; first general director of the St. Lawrence Centre for the Arts; and founding chairman of the Canadian Theatre Centre and the Guild of Canadian Playwrights.





In the last quarter century the arts in Canada have exploded in a way perhaps unequalled in any other place or era. But it is not an isolated phenomenon. A similar movement, varying greatly from land to land, has been taking place all over the world — and it is impossible to write a scenario for ourselves in the eighties without setting the larger scene.

For the past two thousand years humanity has given lip-service to the proverb that “Man shall not live by bread alone”, but all too seldom acted upon it. By the end of the 1970s it was at last becoming clear that many of mankind’s most stubborn problems are at root cultural. Only now, however, are we prepared to consider the logical consequence: that the appropriate solutions are also cultural.

The fashionable cure-alls of the sixties and seventies have been technology and economics. Important and valuable as these two modes of activity are, they have proved by their own yardstick — cost-effectiveness — to be not only extremely expensive but ultimately inadequate.

At the 1980 Global Conference on the Future, one technologist proposed that the world’s current headaches could be bypassed by space exploration and settlement. He did not explain how the settlers could get along any better in outer space than they do down here. An economist (one

among many) suggested that if people only had more money in their pockets they would forget petty differences such as language, religion and culture. He said nothing about a brave new hell where every man would have his price.

We seem to have had our priorities wrong. We have been attacking the symptoms and not the cause.

Can anyone honestly believe that the tension in Iran, in the eastern Mediterranean, in South Africa, in Northern Ireland, in Belgium or Bolivia can be resolved by economic or technological initiatives? Is it not precisely *cultural* tension that has snapped in these societies, to the point of exploding all over the economy and the technocracy? Without oversimplifying complex situations, each with its own configuration of aspects, surely we should be applying the *appropriate* remedy for what ails the society in question. Economic measures taken without cultural considerations may only exacerbate



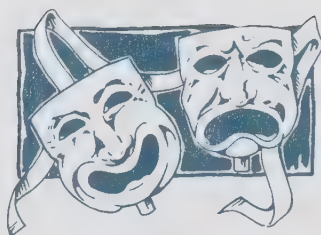
the situation. And high technology is often about as useful as a navy on dry land.

If we cannot now arrange to get to know each other better, to appreciate our differences before we simply (and brutally) iron them out, we may haggle about oil or rewrite constitutions till we are blue in the face – but we shall never have a peaceful future together.

The Role of the Creative Arts

Mutual understanding among people, individually and collectively, has always been carried out most effectively through the arts – whether “live” or as the “software” of modern communications. Why has this been so? Perhaps because in contradistinction to politics, commerce and war, the creative arts themselves are not mechanisms for power or riches but exemplars of human achievement – invitations not to causes but to entertainment and enlightenment.

The creative faculty has been man’s best weapon against all attempts to reduce him to a member of a herd. The arts rejoice in variety and resist both classification and stability – which is what keeps critics busy and the establishment nervous. The paradox is simply this: although everyone knows artists are individualists in the business of creating “illusions”, their search for shared truths gives them greater credibility than those who would obscure the truth in their own vested interest.



Failure to recognize the role of the arts in society has set many of us up for a fall.

Until very recently, in North America at least, the arts have been considered a frill. Many still think of them as a luxury for the rich and well-educated, or as a harmless form of dissent for the rebellious, or as an opiate for the masses. Whatever else, they have been seen as unimportant in the larger scheme of things, as essentially frivolous and irrelevant.

Imagine now the current plight of our politicians, businessmen, labour leaders, physicians, lawyers, financiers and technocrats, as they reach for their ghost-writers, media consultants, public relations advisors and make-up artists! It must seem as if the barnacles have suddenly taken over the ship.

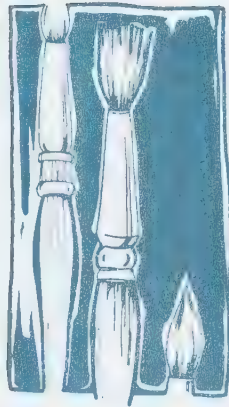
“People talk constantly”, writes Daniel Boorstin, “not of things themselves but of their images”. “Reality”, says Susan Sontag, “has come to be seen more and more like what we are shown by cameras”. “Politics today”, according to Tom Wicker, “is television”. Christopher Lasch speaks of “the society of spectacle”, where we live in “a swirl of images . . . an echo chamber . . . a hall of mirrors”, and are given false bearings by the “management of impressions”.

Not only is all the world a stage (and no longer figuratively) but running it has become a matter of stage-management.

The difficulty is that our society has been so conditioned to considering the arts a frill that our leaders imagine stage-management to be a mere knack. In thrall to an era in which economics and technology were all the rage, they fancy that the arts can be subjected to the same methods and criteria – and so treat them *as if* they too could be reduced to calculable formulas. As if they could be measured, plotted, potted and predicted. All you have to do is take polls, do a little cost-accounting, deliver the precast product, compare ratings and repeat – secure in the axiom that men and women are little more than statistics or “asses in the seats”. Or as that eminent cynic the Marquis de Sade put it a couple of centuries ago, “Human beings are ultimately reduceable to interchangeable objects”.

The arts are not alone, of course, in being resistant to this sort of Procrustean thinking. A recent paper of the Social Science Federation of Canada, *Science Policy in Canada in the 80s*, notes:

“Science policy is the expression of a bureaucratic and technocratic style of government which cannot tolerate “irregularities” or the unforeseen, and which relies upon deductive reasoning to eliminate paradoxes . . . with a view to directing a total effort characterized by cohesion and consistency of objectives.”



Anyone who imagines that such a reductionist formula will work for either science or art – or indeed for society as a whole, and over the long run – is simply dangerously inexperienced.

Even Hollywood, the dream factory, cannot predict what the public will accept and consequently is always making last year's movies. With any kind of work of art, you don't know what you've got till you've got it. Only later, sometimes decades later, can it be seen as having been well planned – and even then it may not matter. Shakespeare is the most untidy of playwrights, the most paradoxical and by common consent the one who got it right. The ones who've got life all wrong are those who seek to reduce it to computer cards.

Artists want to add to the world's cultural variety – not to homogenize it, freeze it or fit it into "consistent objectives". That is their great value to society. And those who would impose on art a coherence dictated by political design are not, as they like to think, far-sighted social benefactors, but tunnel-visioned monomaniacs. Despite their obsession with regularizing everything in sight, moreover, the message will continue to get around among the people as it always has – mainly through the prolific if happily disorganized network of the arts.

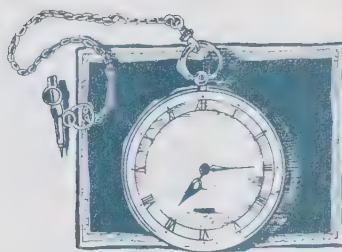
Indeed the present power of the artists would be frightening if they *were* organized. Fortunately the most influential among them are hopelessly

self-centred, less interested in social engineering than in revealing the truth as they see it. Some of them don't give a damn whether their contemporaries appreciate them or not. Others are frankly in the business of acquiring an audience and "managing impressions". But whether they are telling "lies that sound like truth" or purveying "escapism", they are at least being honest about it – which is more than many others can say.

The danger for the eighties is that our political, economic and technological systematizers will try increasingly to enlist the artists to improve not society but their own image or that of the state. The process is already familiar to Communist states as Social Realism, and has now spread westward in a form we may as well dub Capitalist Realism.

Whether used by the Right, the Left, or the Centre, it is not realism at all but the "management of impressions". Art, without art's honesty.





Canada: a Bellwether of World Culture

This central challenge is going to be particularly acute for Canadians, citizens of a nation-state in search of itself – or themselves. It takes no genius to see that our divisions are and always have been deeply cultural, stemming from ancient collisions between native peoples and French, French and British, British and American, and more recent encounters between Canadians from all parts of the world.

We are also situated alongside a nation which sees itself as a melting-pot, in which differences are sublimated into one patriotism. The U.S.A. has become the biggest art, entertainment and education factory the world has ever seen. And in order to avoid becoming happy but lobotomized customers, Canadians have had to rely on collective action. The good fortune of having access to the riches of such a neighbour had to be tempered if we were to have any fortune of our own. To preserve at least this option, Canadians built the most extensive radio and television networks on earth and set up publicly-funded agencies, both federal and provincial, for the encouragement of the arts and letters. To these have

recently been added bodies to assist the “cultural industries” such as film and publishing.

The results over the past twenty-five years have been spectacular. For an investment that can only be called relatively tiny, the country has succeeded in substantially reversing the talent and brain drain, in showing ourselves to each other (the necessary preliminary to mutual understanding) and in becoming a contributor to the world’s art scene instead of a mere consumer. The arts in Canada have become a \$7 billion labour-intensive industry – bigger than steel or lumber, for example – with notable spin-offs in tourism and export sales.

Let me not bore you with statistics about the manifold increase in the number of orchestras, theatre and dance groups, galleries, films, books and individual artists – and their audiences. I suspect most Canadians didn’t know they had it in them. Let me, instead, mention a few barometric indicators.

At the 1980 Edinburgh International Festival Canadian attractions were second in number only to the British. At the prestigious Paris Biennale works by our painters and sculptors were outnumbered only by those of French artists. The International Film Festival in Toronto is now the world’s largest. In Zurich and Vienna the hottest new art form is “video-art” – and Canada’s video artists are considered its high priests.

But just as we reach the point of breakthrough at home and abroad, the arts in Canada are being pulled up short, stalled by confusion, malnutrition and political manoeuvring. On one side they are beset by forces both federal and provincial wanting to make the arts responsive to political direction, and on the other by slipshod economizers who can't tell the difference between a luxury and a necessity, or an expenditure and an investment.

The 1980s will be the testing time for the arts — and for the country. Since Canada is, in its cultural pluralism, a bellwether of world culture, we should not be surprised to find that many of the root causes of our present situation are world-wide.

Elitism vs Democratization

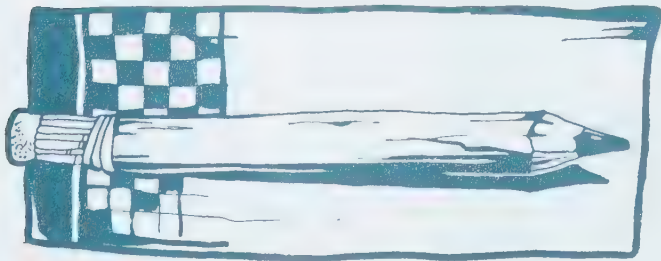
In the period following World War I the arts were in a state of more than usual turbulence and instability. The art forms favoured by 19th century Europeans seemed worn out, and those still around often served as butts

for a new generation of iconoclasts, each hoping to found a new aesthetic. One school was out to destroy art, by mockery if necessary. Another saw art as psychotherapy. Still others saw its only function as political or religious. We are still experiencing the fall-out from those volcanic times.

Many of the art forms that supplemented or replaced the old ones arose from technological innovation — not only new materials and perspectives but also methods of reproduction, multiplication and distribution on an unheard-of scale. But perhaps the most significant effects were to bring existing arts within the reach of billions, and to provide outlets for the previously inhibited arts of many of them. The new technology opened a Pandora's box. It was grab what you can and the devil take the hindmost — which included most of the world's underprivileged. Having sprung the lock, technology was powerless to program the forces released even if it cared to do so.

One of the results was what Ortega y Gasset called “the dehumanization of art” — in a double sense. On the one hand, many arts became more abstract, stylized and symbolic, emphasizing a distancing from real life. On the other, popularization and mass production of the arts threatened to mechanize them, endangering quality and individuality in the embrace of mass taste. Quality and individuality became more and more expensive at the same time as the mass arts, benefiting from wide distribution, made millions for the entrepreneurs.

These two trends in art became polarized. The first kind of art, concerned with quality and individual human expression, became known as “elitism”. The second, concerned more with spread than height, became known as “democratization”. Both names are misleading. Elitism *ought* to mean not the conservation of the art of an élite social class but simply high aims and achievement.





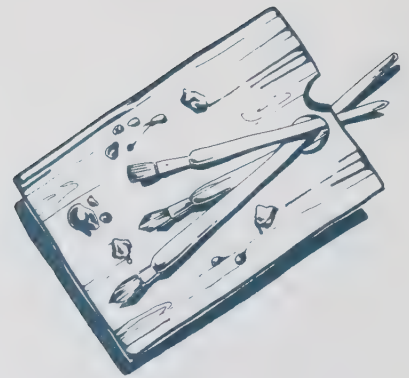
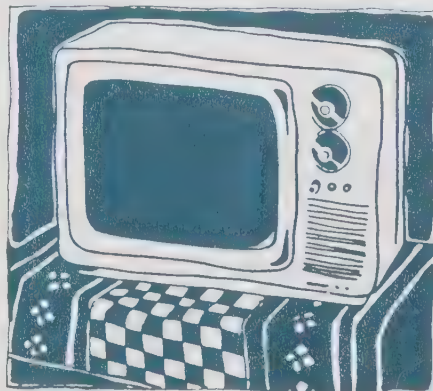
Democratization *ought* to mean not the wider spread of mediocrity or outright crap but the wider access of all to high aim and achievement – their own and others’.

The technological revolution also produced what is now known as the “information explosion”, making possible the swift and universal dissemination of news, including cultural news. Responding to public demand, our newspapers and broadcasting networks now carry far more cultural news than ever before. In fact, so much of it is carried by word and picture that all news has become in a real sense cultural. This has smashed forever the illusion that art was somehow “above” such mundane matters as politics, social affairs and day-to-day life – they all share today’s front page and tonight’s TV news, which are themselves artifacts.

As the old notion of a monolithic “world culture” became untenable, we recognized differing cultural traditions, sub-cultures and even counter-cultures, each with its own claim to validity and a piece of the action. Art was re-examined, and approved or condemned on the grounds of political commitment, racism, sexism, environmentalism, nationalism and regionalism. To create art was not enough; the artist himself, no longer allowed to be a lone ranger, had to sign up with one corral or the other.

It was a small step from this to the belief that the artist’s own life is his real work of art. The old view used to be that an artist’s private life was his own affair as long as he produced valuable works; nowadays every work tends to be regarded as primarily a self-portrait, a Freudian gold-mine. Autobiographies in print, play and film form abound. Erica Jong writes a best selling autobiographical novel about a woman who discovers the joy of sexual flying, then follows that with one about a woman who writes a best-selling autobiographical novel about a woman who . . . etc. The newest fashion in visual art is “performance art”, wherein the painter or sculptor himself is often the art object. The “talking head” television shows work on the assumption that actors and writers are more entertaining than their films or books. Plays and even musicals often take the form of confessionals about the performers’ own private struggle to “make it”.

Ours has been referred to as the Me Generation and the Age of Narcissism. But it is also the Communicating Generation and the



Age of Transaction. In theatre and concert hall, audiences are invited to become participating performers. Video-art often involves shots of the audience, fulfilling fantasies about being on television. The radio phone-in show turns callers into personality turns. It is as if in reaction against the homogenizing effects of the mass media, each of us is determined to find an identity and turn the search into a work of art. Audiences have become fragmented and specialized.

Not unnaturally, furthermore, this search often takes the form of an exploration of our “roots”, and the joining of hands with those who share them. Thus we see a burgeoning of Folk Arts and Crafts – a form of support from our pasts in the face of an overwhelming and uncertain present. In its collective form it is known today as Multiculturalism.

Multiculturalism works on the premise that one culture is as “good” as the next, which denies the criterion of excellence *among* cultures. It postulates instead a quite different criterion, that of societal value to a certain group. This different perspective places emphasis on socializing rather than high skill, on amateurism rather than professionalism, and on service to a local community rather than distinction in the wider sphere of the

established arts. In fact the established arts are viewed with deep suspicion as the preserve of the élitists — and the term is meant to include both the upper classes and those considered to be their artistic sycophants.

The objects of this suspicion see themselves in an entirely different light: as the defenders of mankind's highest standards against those bent on reducing everyone and everything to the lowest common denominator. Every community, they believe, has the right of access to the best that their countrymen and their fellow world-citizens can offer, and the right to a crack at matching it. They see artistic development not as an end in itself but as the necessary path to excellence, and excellence as the necessary model for development.



The weakness of the first case is that it is severely self-limiting. The weakness of the second case is that it assumes a consensus on what excellence is. The disciples of each side, equally righteous and equally dedicated, infuriate each other — the democratizers because they feel they are being put down, the élitists because they feel society is being short-changed.

Both schools are vying for increasingly limited public funds.

Who Pays the Piper?

The most significant clue to the future of the arts, aside from changes in their form, lies in the question of political control.

It is not a matter of choosing between ideologies. Drawing parallels between political structures and the arts is easy but misleading: a planned economy does not guarantee well-planned symphonies nor anarchy produce chaotic novels. The fact is that nowadays governments of every stamp recognize the importance of the arts to the well-being of their country at home, and to its image abroad.

In Canada, during the last two federal elections all three major parties, for the first time, put forward cultural platforms. On the international front, both federal and provincial authorities have been increasing their attention to cultural exchange, realizing that with some countries the arts offer a more rewarding bridgehead than politics or

trade and commerce. There are many concrete benefits: a higher profile (and a positive one), higher standards for our own achievement, wider appreciation of other peoples' achievements, wider trade, better diplomatic relations leading to a more peaceful world, and so on.

The use of culture in foreign affairs goes back a long way. In this century, France was in the field as early as 1900 and now finances its Directorate of Cultural Relations with about 70 per cent of its whole Foreign Affairs budget. The British established a Council for Relations with Other Countries in 1934; today the British Council has an annual income of more than £50 million. The West German Republic, with good reason to remember the curse of bad public relations, recently reaffirmed the principle that "cultural relations should be accorded the same status in foreign policy as economic and political relations".





The U.S.A., the Soviet Union, Japan, Sweden, Italy, China and many other countries agree. The day is gone when a nation was regarded as developed or undeveloped, weak or strong, merely on the basis of its military, technological or economic stature.

But if culture is finally coming into its own both at home and abroad, it may become the victim of its own success. Governments who own a piece of the action now want to get into the act.

Like the Mayor and Town Council of Browning's *The Pied Piper of Hamelin*, having witnessed the Piper's extraordinary success in ridding the town of vermin, governments now want to call the tune *and* pay the Piper less. They cannot have read the end of the fable, in which the angry Piper steals their children.

The main reason for the success of the arts as a harmonizer and ambassador — over and above their contribution to the quality of life — is that people consider artists generally to be independent and uninterested in power for themselves. This trust is violated if artists are seen to be suborned by whatever powers that be, and become not soothsayers but spokesmen for party policy. Government cannot produce or guarantee achievement in the arts. It can only provide a context in which they may have a chance to flourish: removing the legal obstacles or vested interests that hinder access, opportunity and freedom of expression, and granting material resources where required.

These principles were firmly in the minds of the Canadian politicians and others who established the Canada Council (1957) and those provincial arts councils which are similarly autonomous. Following the pattern set by the pioneer British Arts Council, they structured the agencies on the "arm's-length" principle: as boards of public trustees, responsible to the people through government but free from the day-to-day demands of governors. They correctly saw that an artistic community that served political ends, conforming to prevailing political doctrine and subject to local and personal political pressure, would in the long run have neither the confidence nor the support of the public.

The arm's-length principle has, above all, a double benefit: it protects the agency from becoming a rubber stamp, and it protects the politician from becoming a rubber target. Strict financial accountability can be maintained without interfering with the trustees' freedom to decide, in consultation with the arts community, where the priorities and feasibilities lie, and to make grants accordingly.

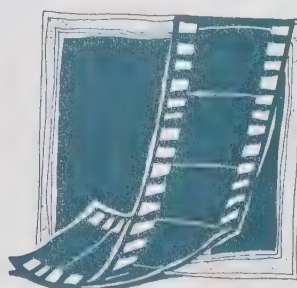
The system has worked extraordinarily well, and the arm's-length principle has so far been generally upheld by

successive Secretaries of State and their counterparts in the four provinces that have autonomous boards. But there are signs of approaching storms in the eighties.

Our Culture: Whose Responsibility?

The recent Lambert Report on accountability in the federal government, for example, contains a proposal for ministerial "directives" to agencies such as the Canada Council. But directives as to how and where funds should be allocated clearly weaken accountability instead of enhancing it, since no agency can be held accountable for what it is not responsible for in the first place. They might indeed ensure compliance with policies of the day, but they would also ensure the return of the pork-barrel — and the destruction of public confidence in the very trustees appointed by the government to avoid the imputation of pork-barrelling.

Another omen is the continuing pressure for prior approval of *detailed* budgets by officers of the Treasury Board, where job qualifications seldom include experience in arts administration. Naturally the Treasury Board must co-ordinate and approve government expenditures *en bloc*; but further decisions regarding particular disbursements are far better left to those appointed, presumably for their public concern and professional expertise, to make cultural judgments. To confuse the laying down of broad policy with its





detailed implementation is the mark of bad management, not good. In the theatre, backers are kept out of rehearsal, except by invitation.

But such questions about who is responsible for what and how and to whom may become instantly academic if there is a redistribution of cultural responsibilities between the federal and provincial governments.

There have been suggestions, for example, that the federal authority should concentrate on “national treasures” among our arts institutions and leave “local treasures” to the provinces. This might be all right if there were some way of separating the treasure into two piles; but the plan ignores the third partner, the municipalities, and the fourth, the private sector.

It also flouts the oft-expressed wish of the arts community that they continue to receive their funds from *various* sources, since this gives them greater protection from dominance by any one of their sponsors. The arts community is a good deal less concerned about who has the power to give than about how that power is used. There is little to be gained from exchanging autonomy for compliance, whoever offers it.

In whatever ways the federal and provincial authorities sort out their respective territories, they will find that the problems associated with public subvention of the arts are mutual and constant.

Robbing Peter to Sponsor Paul

At the time of writing, in terms of the real dollar the resources available to the arts in Canada stand roughly where they were in 1975. There is a possibility of more funds from lottery sources — but there is also the possibility of less overall. So far, there has been no increase in our public support of the arts for five straight years.



Our best established publishing houses, orchestras, theatres, galleries and other basic institutions are barely able to stay afloat, and some of them are sinking. Perhaps even more ominously, in order to preserve them at all we have had to mortgage the country's future. Support to new companies, to younger artists, to those inventive spirits on the frontiers of art, is simply not available unless we rob Peter to sponsor Paul.

The consequences should be apparent to everyone. It will be those very regions, now bursting with fresh creative activity, and those very artists, who hold our future in their hands, that will be the ones to suffer most. And we may never be able to repair the divisive effects of what must appear to the disadvantaged as regional and generational



discrimination. "Holding the line" inevitably favours those already behind it.

When we look abroad, we cheer at what Canada has done with such limited resources, but weep at opportunities missed. So long as we base our cultural relations on political priorities, we shall continue to miss the boat. Any clout that art has in the world is due not to its power to prettify or enhance a nation's (let alone a party's) image, but to its hard-won reputation for free-ranging expression of common truths and emotions. It circulates and interpenetrates better than almost any other medium — but only if it is

allowed to flow freely. "We rightly associate creativity", writes the leading British psychiatrist Anthony Storr, "with spontaneity, freedom, and an absence of fixed preconception". Try to put art in a harness and its efficacy vanishes.

The only way for Canada, as for the world, to allow the arts to perform the role for which they are pre-eminently suited, is to give them the tools and stop harping on the relatively modest cost. Our federal government spends less than two per cent of its budget on all cultural affairs combined. The entire arts support budget of the Canada Council is less than the cost of a single fighter plane.

Canadians are in a rare position to show the world how a pluralistic people, despite special interests and real regional differences, despite widely varying backgrounds and cultural preferences, can turn their divisions to good account and live the richer for it. It is a peerless investment.

I believe that there is no more urgent priority for governments anywhere. Technology had made it feasible. Economics can make it possible. But artists can *do* it.



Spectrum is a quarterly publication of Canadian Imperial Bank of Commerce that provides a platform for the free expression of informed opinions by persons of recognized eminence in their particular fields.

A French edition of *Spectrum* is available, under the title *Tribune*. Copies of both publications may be obtained by writing to the Editor.

Readers' comments and views about *Spectrum* and its topics are invited. Your response is a challenge.

The Editor, *Spectrum*
Canadian Imperial
Bank of Commerce
Head Office, Commerce Court
Toronto, Ontario, Canada
M5L 1A2



CANADIAN IMPERIAL
BANK OF COMMERCE

AR29

S P E C T R U M



CANADIAN IMPERIAL
BANK OF COMMERCE

Volume 1, Number 4

Canadian Foreign Policy in an Interdependent World

by
George Ignatieff





George Ignatieff, C.C., B.A., M.A., LL.D., D.C.L., D.Litt.S., was born in St. Petersburg, Russia (now Leningrad) in 1913. He came to Canada at the age of 14 and was educated in Montreal and Toronto. After graduation from the University of Toronto, he attended New College, Oxford as a Rhodes Scholar.

Following service in World War II as an intelligence officer, Mr. Ignatieff was appointed Private Secretary to Canada's High Commissioner in London. He has held numerous diplomatic posts in Canada and abroad: Counsellor, Canadian Embassy, Washington, D.C.; Canadian Ambassador to Yugoslavia; Assistant Under-Secretary of State for External Affairs; Permanent Representative of Canada to the United Nations, the North Atlantic Treaty Organization and the Geneva Disarmament Committee. He has been Provost of Trinity College, Toronto, Chairman of the Board of Trustees of the National Museums of Canada and a Governor of Heritage Canada. In 1980 he was elected President, United Nations Association of Canada and Chancellor of the University of Toronto.

Mr. Ignatieff holds honorary degrees from eight Canadian universities. In 1973 he was named a Companion of the Order of Canada and has been the recipient of both the Centenary Medal and the Jubilee Medal.



The foreign affairs of a country are the product of its geography and its history. Today, no country is an island unto itself. World events play an increasingly important and decisive role in shaping our destinies in an interdependent world community.



Canada has always been particularly vulnerable to the impact of outside forces. We are, in terms of space and size, one of the largest countries in the world, second only to the Soviet Union. But relative to the space we occupy, we have a small and scattered population. We possess great natural resources, including minerals, fuels, fresh water, forests and arable land. We also have one of the longest coastlines in the world, extended enormously in recent times by the seaward extension of jurisdiction as a result of the Law of the Sea Conference. People in foreign countries regard Canada as one of the leading economic powers of the world, a land high on the list of those who aspire to emigrate.

Our geographic location between the two superpowers, the USA and the USSR, puts Canada in an important strategic position. We are "the ham in the superpower sandwich" as the late Prime Minister Pearson used to say. The United States, for historical as well as geographical reasons, has an important stake in Canada's future, from an economic standpoint as well as that of defence. Our own peaceful development and prosperity will continue to be tied closely to peaceful and harmonious relations with the

United States; our survival as a distinct member of the international community depends on our maintaining national unity despite our marked regional and cultural divergencies. These are the imperatives governing Canadian policy, domestic and foreign.

imperial authorities was maintained over foreign affairs until Canada achieved full sovereignty in all foreign relations after World War II.

Internationalism

Since World War II, Canada has been testing various possibilities in the



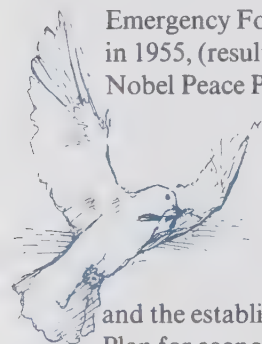
In the context of history, Canada owes its origins to the imperial contest between Britain and France, in the 17th and 18th Centuries, which extended to the colonies of North America. This historic beginning of our foreign affairs accounts for the persistence of the concept of duality in our national development. While British power prevailed, Canada evolved gradually from Dominion status to self-government. However, some vestiges of control by the British

creation of a distinctive foreign policy. Through the United Nations and its ancillary international organizations, Canadians acquired skill and experience as mediators, peace-keepers and astute trade negotiators. The nation also took a lead in helping the economic development of the newly independent countries entering the international community as a result of the post-war process of decolonization. Canada had come to the realization that, through



internationalism, a distinctive contribution could be made to human betterment.

The international reputation of Canada grew under the leadership of Louis St-Laurent and Lester B. Pearson. This gave Canada a preferred position and a wide range of opportunity for helpful initiatives, such as the establishment of the UN Emergency Force after the Suez crisis in 1955, (resulting in the award of the Nobel Peace Prize for Mr. Pearson)



and the establishment of the Colombo Plan for economic aid to the newly developed countries of the Commonwealth. The United Nations, despite the chills of the cold war, was still seen as mankind's best hope. The adoption of the Universal Declaration of Human Rights in 1948 and the subsequent conventions, challenged the last vestiges of imperialism and lit a beacon of hope for the oppressed and underprivileged.

However, by the late Sixties, a combination of growing disillusionment in international organizations and preoccupation with our own difficulties affected the way Canadians saw themselves in relation to foreign affairs. Regional differences, reverberations from the Quiet Revolution in Quebec, and economic recession, all added to a sense of preoccupation with domestic affairs which made for an

introspective trend away from internationalism. The drawn-out Vietnam war and Canada's heavy dependence on the American economy for its own prosperity tended to increase our sense of frustration. This was reflected in Prime Minister Trudeau's foreign policy review, published in 1970, which questioned the role of Canada as a "helpful fixer" in international affairs. "There is no natural, immutable or permanent role for Canada in today's world, no constant weight of influence," Trudeau's report postulated.

Yet the objective effects of geography and history could not be gainsaid in the perspective of this new pragmatism. Canada continues to be vulnerable to the impact of outside forces, even though we may sometimes turn our backs to them. The serious world problems resulting from the pressure of exploding populations upon limited resources, particularly in Africa, Asia and South America, are bound to have an impact on a people who occupy so much of the space of the world and control so many of the vital resources which are needed to feed the hungry, provide shelter for the homeless and furnish the raw materials needed for industrial development. As one of the "Big Seven", Canada is a regular member of the group of industrially developed powers which meet to chart new courses in an endeavour to manage the world economy – a responsibility which had been borne by the USA alone until the mid-seventies.

Economic Policy

As the world changed rapidly over the last decade, the post-war consensus on the rules and regulations governing the world economy has gradually been eroded. Most developing countries, who were not present when these rules were drawn up at conferences such as Bretton Woods, now question their legitimacy and their equity. Some of these nations have asserted control over their strategic resources, such as petroleum, with spectacular impact on the economic development of industrially advanced countries – including Canada, whose eastern regions are dependent on the import of foreign oil.

The revival of economic strength in the countries of the European Economic Community and in Japan also led to the questioning of the post-war rules which these countries found inconvenient. This in turn resulted in the breakdown of the system founded upon the pre-eminence, economical as well as technological, of the USA. The most significant casualty was the world monetary system agreed to at Bretton Woods in 1944. The loss of consensus and the very real breakdown of the international system of global economic management have left the world economy in a parlous condition. Currency values are unstable, inflation is rampant, interest rates fluctuate, growth rates have slowed, unemployment increases and trade is contracting as governments turn to protectionism to shelter domestic producers from foreign competition. All this is happening not because there is an over-all insufficiency of wealth



for a growing population, but primarily because countries have not yet been able to agree on a fair system of managing the world economy and distributing its products. The institutions and organizations are there, if only governments have the will to co-operate in finding solutions in their common interest.

What is Canada to do in this global economic situation which threatens our growth rate and which is also complicated by the deteriorating international political situation in North-South relations and East-West detente? As I have said, the two inescapable realities of Canadian foreign policy, based on our geographical and historical development, are: the necessity of maintaining unity at home, especially between the two founding nations; and living distinct from but in harmony with the world's most powerful and dynamic nation — the USA. These factors tend to restrict initiatives being undertaken by Canada alone, and favour the pursuit of limited international objectives through international organizations.

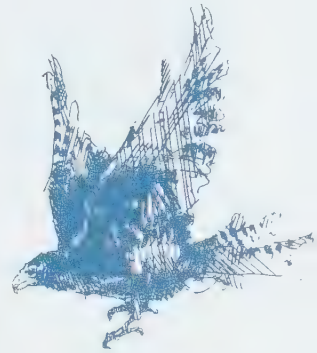
But Canada need not resign itself to an introverted posture, if it is prepared to join with other countries with similar or parallel interests in the pursuit of specific but limited objectives through

the functioning international organizations within the United Nations network. It has been my experience that Canadians can serve not only the common interests of peace and prosperity but our own interests as well, through international organizations and conferences.

Despite the interdependence of nations in the modern world, as long as foreign affairs remain essentially within the domain of national governments and intergovernmental organizations, foreign policy remains the extension abroad of national policies. At the moment, Canada is passing through a period of intense introspection. The focus is on removing the vestiges of Canada's colonial past by patriating the British North America Act and entrenching basic human rights, however tardily. This preoccupation with domestic affairs may have the effect of diverting our attention from some highly important negotiations going on in the world on "bread-and-butter" subjects of direct concern to every Canadian — such as how to cope with rising energy costs, and other factors contributing to inflation, by policies of international co-operation in the common interest.

These issues are before the United Nations General Assembly at the present time. They have been reviewed and analysed in the Report of the Independent Commission on International Development Issues, under the Chairmanship of Willy Brandt, which provides a basis for the discussions. A spotlight will be cast on Canada when the summit of the seven

leading industrial countries — Canada, Britain, France, the Federal Republic of Germany, Italy, Japan and the USA — convene here in Canada next spring, with the Canadian Prime Minister as host.



Security Policy

The security of our country, and of the whole world, depends not on weapons alone, especially nuclear weapons, but upon global co-operation in removing the causes of war: through the peaceful settlement of international disputes as provided for under the UN Charter; removing the all-too-apparent divisions between rich nations and poor; and the negotiation of arms limitation measures and detente. Canada, under St-Laurent and Pearson, earned an outstanding reputation for contributing to this kind of constructive internationalism by their foreign policy. This type of internationalism is much needed today.

Many stark parallels have been drawn between the current arms race and that which preceded the outbreak of each of the two world wars in which Canada was involved. The seriousness of the present situation has prompted an increase in popular support for collective defence arrangements under



NATO or NORAD. At the same time, belonging to NATO and NORAD brings its own frustrations and doubts about Canada's role and the mounting costs of modernization of equipment. Canada cannot always make its influence felt in Washington or in Brussels, and it strikes some as unnatural to belong to a peacetime defence arrangement which requires Canada to keep expensive military forces in Europe, while our own North, and especially our Arctic region, are left largely unprotected from foreign encroachments.

As long ago as the Fifties, I remember Lester B. Pearson, then Secretary of State for External Affairs, suggesting that NATO should include Canada's Arctic in the defence of its northern flank, rather than have Canada committed to a purely bilateral defence arrangement with the USA. Since the Canadian North is already comprised within the North Atlantic area, no fundamental re-negotiation of the North Atlantic Treaty would be required.

However, this clearly implies that the United States would have to be willing

to share decision-making about North American defence with the European members of NATO. In the Fifties, when the nuclear power of the United States was clearly superior to that of the Soviet Union, the Americans were not willing to involve their European partners in any way in the defence of North America. Today, American military capabilities are strained in trying to match the expanding military power of the Soviet Union and its threat to NATO's flanks. The US looks to its partners to share the burdens and responsibilities of defence more equitably.

Ever since the Sixties, Canada has been involved in a minor way with strengthening the northern NATO flank in the event of an emergency. Canadian forces have participated in NATO manoeuvres in Norway. In September 1979, Canada was assigned the responsibility of providing a mobile unit for this purpose. This unit, located at Petawawa, became known as the Canadian Air-Sea Transportable Combat Group (CAST). Considering the extent to which Canada and other NATO countries, like the USA, Britain, Norway and Denmark depend on oil reserves in the North Sea and in the Arctic, there is more than enough to do in sharing the tasks of surveillance and protection.

Although Canada's CAST force might well serve as a model for similar mobile allied units, each ally would naturally be expected to bear primary responsibility for the defence of its own portion of the circumpolar perimeter. Frequent manoeuvres in

the area would give evidence of allied preparedness and solidarity. Moreover, Canada's specialized skill in living and working in the north would give Canadian suppliers a better chance of contributing standardized NATO equipment for the North.

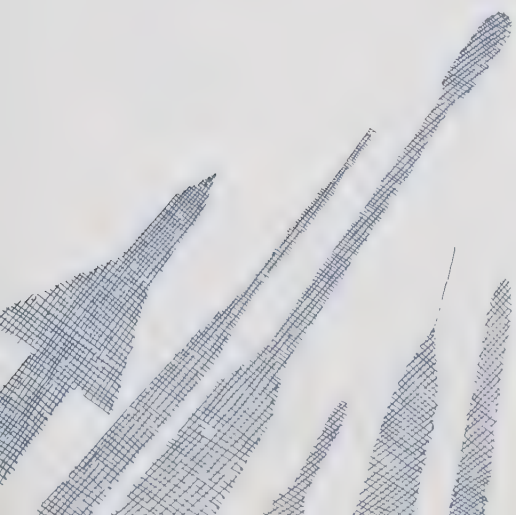
Lest measures of military preparedness in the North should unleash a further arms race with the Soviet Union, it would be important that the reorganization of northern defence be accompanied by measures of arms control, particularly addressed to the gradual denuclearization of the region.

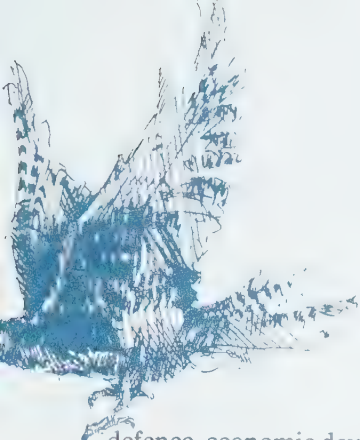
Concerned as they are with developing a variety of resources in the Arctic to the full — oil, gas, fish and minerals, as well as improved communications — Canadians have a major stake in



NATO

developing the necessary co-operation with other circumpolar powers in the pursuit of common aims. The peculiar fragility of the region's ecology provides an obvious point of departure. The Arctic North also offers a classic example of how





defence, economic development and arms control can all be addressed in a comprehensive and balanced approach. For this we need an integrated policy. A Royal Commission might be set up to recommend policies on the interrelated aspects of defence, development and denuclearization of the North.

Mutual distrust between East and West stimulates the arms race, causing excessive and ever-increasing military expenditures, now running at about \$500 billion annually throughout the world. Technological developments, moreover, outstrip the capacity of international arms control negotiations to restrain this process.

In the nuclear age, it is more important than ever that foreign

policy should be linked with defence policy, for there is no defence against nuclear weapons. Foreign and defence

NORAD

policies must be inseparable and should be aimed at the prevention of war and the promotion of just and peaceful change. Essential links between foreign and defence policies are international arms limitation and disarmament talks, strategic arms

limitation talks, balanced force reduction talks, the nuclear test ban treaty and measures against nuclear proliferation. But these exchanges, by and large, take place between armament experts, attempting to reach binding and policeable agreements on highly technical issues, with the inherent danger that politics becomes the prisoner of technological change. Another difficulty is that negotiations take place only after new weapons systems have been established and are beginning to become outdated.

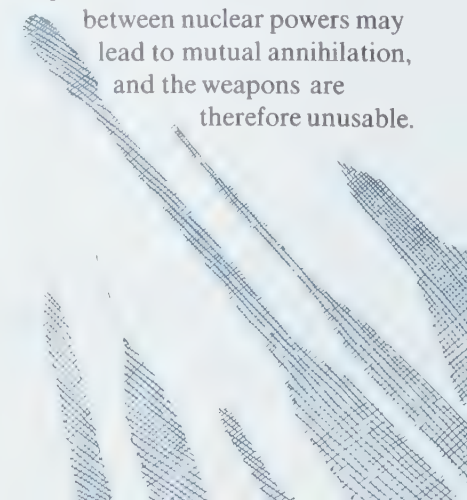
In order to put a brake on this process, Prime Minister Trudeau proposed a "strategy of suffocation" of the arms race at the Special Session of the UN General Assembly in 1978. This strategy is composed of four steps. First, a comprehensive test ban to reinforce the present partial test ban treaty which does not cover underground testing of nuclear weapons. Second, a ban on testing new delivery systems. Third, a prohibition on production of all fissionable material for weapons purposes. Fourth, an agreement to limit and then to reduce spending on new nuclear weapons systems. While the Comprehensive Test Ban is still under discussion between the USA, the USSR and the United Kingdom, no agreement has yet been reported, and the prospect of agreement on the three other measures is not hopeful.

Meanwhile, the danger of nuclear warfare has now become aggravated because of the fact that both sides have kept raising the level of their armaments qualitatively, as well as

quantitatively, from year to year. As a result, in the course of twenty-five years, nuclear arsenals have increased more than a hundredfold and we now have the equivalent of five tons of high explosives for every man, woman and child on this globe. More sophisticated types of weapons are being introduced which can reach and hit a target with increasing accuracy. Each side is approaching the situation where it fears that a high proportion of its missiles could be knocked out in a pre-emptive strike. Even those who believed in the deterrent have to admit that the continuous qualitative advance in nuclear weaponry, far from giving greater security, has in fact made both sides more vulnerable. Canada, located plumb in between the two nuclear superpowers, has a vital stake in stopping the nuclear arms race. This should be an essential part of its foreign policy.

Canada, having already divested itself of nuclear weapons, needs to look seriously at what constitutes real security in the nuclear age. More weapons by themselves do not necessarily provide more security. Modern technology has made modern weapons so destructive that war

between nuclear powers may lead to mutual annihilation, and the weapons are therefore unusable.





I am not suggesting disarmament unilaterally. A balance of terror does exist. This has been considered for a long time as the hard core of our system of maintaining peace. The dilemma we face in the nuclear age is that nuclear weapons are unusable, but nonetheless indispensable for neutralizing the other side. The unusableness of nuclear weapons, however, has resulted in a radical power-shift. States which for centuries relied on their military superiority to dominate the world have lost or are losing their power. States which in former times had to give in to the demands of militarily more powerful states now enjoy a greater degree of independence.

The fact is that some of the superpowers do not seem to realize the full significance of this shift from the exercise of military power to influence through such economic pressure as oil politics and these represent one of the disturbing features of the present international scene. A new order is in the making. The developing countries are demanding their share of the world's wealth, using the leverage of oil and other raw materials as well. In some cases, terrorism – the use of hand-made bombs and automatic weapons – extracts concessions from the powerful and the wealthy.

Applying the two inescapable realities of all Canadian policies – the necessity of maintaining unity at home and living distinct from but in harmony with our most powerful and dynamic neighbour – what conclusion should we draw about the foreign and defence policy for Canada in this

contemporary scene? First, that defence policy, foreign policy and arms control policy must be regarded as inseparable, since they are all addressed to the same objectives of maintaining security through the prevention of war, while adapting peacefully to a world in the throes of constant change. There should also be a greater degree of public participation through non-governmental organizations in the discussion of defence, foreign and disarmament policies, since nuclear and other modern weapons are essentially terror weapons that do not discriminate between civilian and military targets. Their use threatens our very survival. Moreover, the burden of Canada's defence can no longer be assumed to be America's responsibility, under the guise of the nuclear deterrent.



In order to focus the attention of our elected representatives on a more balanced approach to security, I suggest that a research panel should be set up by the federal government which would conduct research (similar and parallel to the Defence Research Board), under the direction of an advisory council of ten knowledgeable citizens appointed by the federal government – one from each

province. This council would report annually to the Standing Committee on External Affairs and National Defence of the House of Commons. The advisory council would decide what questions needed to be researched at any given time, in consultation with both departments and the research panel. The advisory council should meet at least four times a year. Their expenses would be paid, but otherwise the councillors would not receive remuneration, while the research panelists would be regular officials of the two departments (External Affairs and National Defence), or scientists specially seconded from universities for this purpose. Research could also be "farmed out" to universities and private industry.

Vital questions which should be considered by this advisory council, and eventually by our legislators, include the following:

1. Should the use of nuclear weapons be banned?
2. How can non-nuclear weapon states, who are not party to the Non-Proliferation Treaty, be persuaded to accept the same safeguards developed by the International Atomic Energy Agency Safeguards Committee for non-nuclear weapon states that sign the treaty?
3. What is to be done with existing stockpiles to ensure the cut-off and disposal of the surplus of fissionable material now being employed for bomb-making?
4. What new international institutions or world authority, including the strengthening of the United



Human Rights: from standard-setting to implementation

In a world beset by rapid change, turmoil, terrorism and revolution, the setting and enforcement of certain moral standards and international law is an essential ingredient in Canadian foreign policy.

Nations, are required to give effect to the will of people everywhere that they should not continue to live under the threat of nuclear annihilation?

5. What measures of conventional disarmament — regional, global — should or could Canada propose?
6. What feasible and desirable measures of arms limitation and disarmament could be proposed for the Arctic region consistent with the maintenance of a military equilibrium between the USA and the USSR?
7. What should Canada's contribution be to the defence of the European region of our NATO alliance in the event of a new equilibrium emerging there as a result of Mutual Balanced Force Reduction agreements?

We need to learn to think in a new way about security and foreign affairs, taking into account the growing interdependence of countries and the potential catastrophe, considering our geographic location, if ever Canada were involved in nuclear warfare. Our elected representatives should be given every aid possible to enable them to do that kind of thinking, when they are called upon to decide on the approval of defence or external affairs appropriations.

The requirement to observe human rights and fundamental freedoms, as well as not to use force, or threaten to use force, in the settlement of international disputes, was written right into the Charter of the United Nations. The Charter represented a new milestone in civilizing international relations by the affirmation of certain standards, and by the commitments of leaders of the international community in solemn treaty obligations, when becoming members of the United Nations.

Implementation has proven much more difficult. In 1946, the Intergovernmental United Nations Commission on Human Rights was established. It can conduct research, receive complaints about gross violations of individual rights and make recommendations to governments. In this way, then, it was acknowledged in principle that the way in which societies treat their nationals is no longer an exclusively domestic matter, but a legitimate subject for international concern and discussion. This could apply to the treatment of our native peoples in Canada, as it does to the Canadian contribution to the goals of maintaining and raising the levels of human dignity, well-being and freedom of peoples in other countries.

The Universal Declaration of Human Rights, approved by the United Nations in 1948, established basic human rights of a political, economic, social and cultural nature for all member states. It introduced a form of international legislation through covenants produced by the United Nations. One of these covenants deals with economic, social and cultural rights; the other with civil and political rights. The Covenant on Civil and Political Rights, which came into force in 1976, established an appeal procedure for individuals claiming to be victims of violations of the rights it sets out. Under an optional protocol, governments recognize the competence of the Human Rights Committee to receive and hear appeals.

There have also been regional initiatives, especially in Europe and in Latin America, in addition to the Universal Declaration and the Covenants. There is now a European Commission of Human Rights, established by the Council of Europe. Protection was also provided in the European Economic Community to guard against discrimination on grounds of nationality and to provide equal pay for equal work for men and women. Human rights have also a central role in East-West relations and detente. Under the Helsinki Final Act, which is the closest approximation to a post-war settlement for a divided Europe, the Soviet Union pledged respect for human rights. In the Western Hemisphere, the Inter-American Commission on Human Rights is an organ of the Organization of American States. It has the power of



investigation and reporting, but has no enforcement capability.

The main obstacles to progress in the implementation of human rights are: wide divergence between the goals, values and priorities of different peoples in different parts of the world; the overriding jurisdiction of domestic powers of individual governments; the rather inadequate record of ratification of the UN covenants; differences in interpretation; lack of any international sanctions or law enforcement for human rights violations.

The world's record for human rights violations in effect has not improved, even though there is a greater awareness of these violations because of the discussion at the United Nations and the invaluable activity of non-governmental organizations like Amnesty International. In its 1979 Report, for instance, this non-governmental organization, based in London, but with branches in Canada and all over the world, reported the murder of 300,000 people in Uganda, the disappearance of 2,500 people in Argentina, and the detention of as many as 30,000 political prisoners in Indonesia. Arising out of the war in Vietnam and the American attack on Cambodia, it is estimated that, taking into account war casualties as well as the atrocities of the subsequent revolutionary regime of Pol Pot, two million out of a population of 7.1 million have been lost due to military action, starvation, killings or emigration.

A Canadian policy on human rights must be concerned first and foremost



with the observance of human rights within our borders. We must reduce our own vulnerability to external criticism, especially as regards the abrogation or encroachment upon the rights of our minorities, in particular our native peoples. This is essential if we are to play a constructive role internationally. However, it is no easy matter, because of the divided responsibilities between provincial and federal jurisdictions. Canadians must be alert in requiring that their governments' positions should be consistent and even-handed.

In the international community, Canada should take action bilaterally, through both protests and quiet diplomacy, to prevent racism, torture or genocide whenever it may occur. Canada should also strive for collective action, whenever possible, in association with a group of like-minded states, which can often have more impact than bilateral discussions. In taking collective or bilateral action it is important that Canadian action should be seen to be consistent and credible in any pronouncements, or in any collective stand with which Canada is associated.

It is important that gross violations from any quarter should not go unrecorded and unchecked; nor should double standards be applied — e.g., that violations by a free-world country go unnoticed, while some left-wing regime is denounced for much the same kind of violation. The aim should be to design and promote constructive co-operation in the field of human rights, recognizing that consistency of principle and efficacy in application are essential, if we are to build up respect for and implementation of human rights and fundamental freedoms. We must also recognize that in the new international community which is in the making, the full rights of individuals can no longer be assured by nations; international institutions must be given support and effective powers of world law, whether it be the Commission of Human Rights of the United Nations or the review meetings of the Conference on Security and Co-operation in Europe.

Transition to a World Society

Unprecedented advances in communications technology, transportation services, fluidity of international finance, global operations of transnational corporations, activities of

international service clubs and the proliferation of functional organizations within the network of the United Nations – these have all helped to shrink the globe into a single world society in the last two decades. National foreign policies have become increasingly concerned with co-operative action through international organizations, and have been interwoven with the foreign policies of other countries. We are in a state of transition from the society of nations to an international society.

In these circumstances, Canada can make its best contribution by giving priority in its foreign policy to the pursuit of those goals that reflect the realities of international interdependence: the better management of the world economy, peace and security through measures of peace-keeping, peace-making and

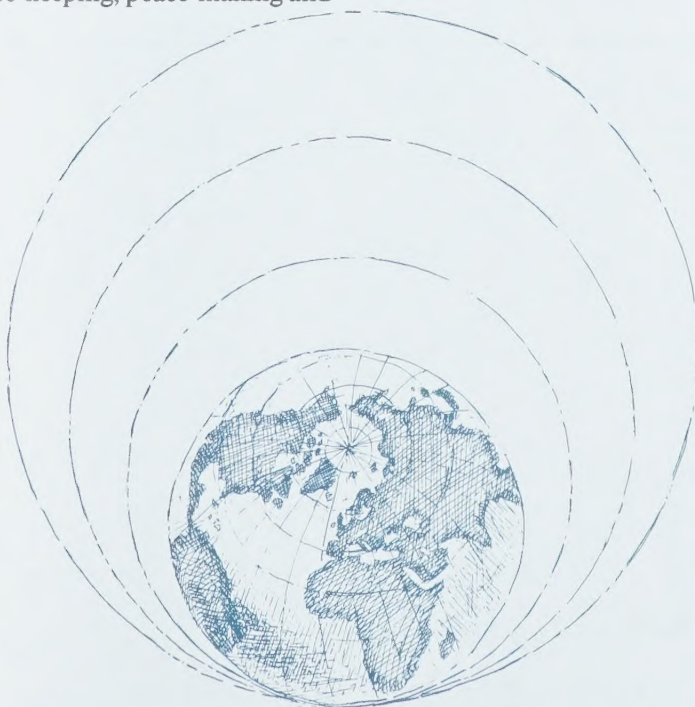
arms limitation; upholding human rights and removing the causes of war by nourishing the starving, sheltering the homeless, educating the illiterate and helping to bring health and hope to those millions who are still denied these essentials of life.

The biggest barrier to progress in this transition is public apathy born of unawareness or selfishness. Years ago, Samuel Johnson said: "Patriotism is the last refuge of a scoundrel." In the sense that Johnson meant it – the modern equivalent being "I'm alright Jack!" – parochialism, provincialism and self-regarding nationalism are anachronistic and self-defeating in a world which will go on without us if we are not "with it".

"Being with it" is partly a cultural problem, as well as a political,

economic and technological problem. Culture has definitely taken an important place in foreign affairs, as France and Britain have demonstrated. France, in particular, is said to spend as much as seventy per cent of its whole foreign affairs budget on its Directorate of Cultural Relations, promoting language programmes as well as fashions, music, art exhibits, films, theatre and gastronomic experiences, washed down with French wines. The day is passing when countries will be judged solely on their panoply of weapons (especially if they are unusable) or their technological and economic status. Cultural exchanges are not merely prestige symbols. In this world society in the making, we have to learn to appreciate and understand the differences as well as the similarities between the divergent inhabitants in this space-shrunk globe.

Canada, with its historic multiculturalism and duality in the use of two principal world languages, has a special advantage in this cultural field. We should be better able to understand and evaluate the different cultural backgrounds – individually and collectively – of the peoples we have to learn to live with, as if they were our immediate neighbours. When I was Ambassador to Yugoslavia in the Fifties, I found that the greatest impact Canada had on the Yugoslav public at large, (besides its immigration programme) was made by the productions of the National Film Board. The films of Norman McLaren, for instance, were especially in demand by the younger generation and this kind of "soft-ware" of modern





communications opened many doors which would otherwise have been closed to us.

Since Canada has been among the leaders in the communications revolution with its telecommunication satellites, its Telidon communication system, and its other pioneering in aerospace and electronics, it would be natural for Canadians to expect to benefit from this communications revolution. But the competition from countries like the USA and Japan is fierce. An effective foreign cultural programme has to go hand-in-hand with support for Research and Development, using both government and private funding, if we are to meet this competition. A greater investment in Research and Development must be an essential part of Canada's foreign policy for the Eighties.

Basically, the main problem in the transition we are passing through, is one of attitude. I am encouraged by the growing interest in foreign affairs shown by the young people at school and university levels. In the last year, as far as the University of Toronto is concerned, this has been reflected in increased enrolments in international programmes, in the establishment of an Arms Limitation and Disarmament Study Group and an International Relations Society — all entirely on the initiative of students. I like to think that this indicates a dawning of a realization among the younger generation that they will inherit a new planetary civilization and that they have to prepare for this with new ways of thinking, new attitudes and a new wisdom.



It has been said that the young have visions and the old dream their dreams. Whether by vision or dream, the challenge to all of us is to adapt to the manifold changes wrought in this world by the post-war revolutions in science, in technology and in human rights. In this interdependent world society which is in the making, we are offered the choice of either co-operating for our mutual greater welfare or facing ultimate catastrophe. It is this perspective, in my view, that should enlighten Canada's foreign policy.

Spectrum is a quarterly publication of Canadian Imperial Bank of Commerce that provides a platform for the free expression of informed opinions by persons of recognized eminence in their particular fields.

A French edition of *Spectrum* is available, under the title *Tribune*. Copies of both publications may be obtained by writing to the Editor.

Readers' comments and views about *Spectrum* and its topics are invited. Your response is a challenge.

The Editor, *Spectrum*
Canadian Imperial
Bank of Commerce
Head Office, Commerce Court
Toronto, Ontario, Canada
M5L 1A2



To Our Shareholders:

Balance of revenue after income taxes for the three months ended April 30, 1980 amounted to \$47.3 million, an increase of \$6.4 million or 16% from the corresponding period of last year. Earnings per share for the quarter were \$1.21 compared with \$1.05 last year.

For the six months ended April 30, 1980, balance of revenue after taxes of \$93.4 million (\$2.38 per share) increased 3% from \$91 million (\$2.33 per share) a year ago.

In the Bank's domestic operations the volume of business has continued to grow satisfactorily overall, although recent months have shown some slowdown in mortgage and consumer lending, reflecting high interest rates and a less buoyant economic climate. Interest spreads continue to be under pressure, but some improvement resulted from upward moves in interest rates during the second quarter; this improvement brought Domestic earnings for the quarter marginally ahead of last year. The more recent decline in interest rates may lead to a temporary narrowing of margins, but lower interest rates will benefit the Bank's business over the longer term through encouraging the demand for consumer loans and mortgages.

Earnings from the Bank's international business continued to show gains from a year ago. Interest spreads were lower than last year, but this was more than offset by the impact of asset growth and by increases in revenue from services. The outlook for international operations remains positive, and the related earnings will continue to make an increasingly important contribution to the Bank's overall financial performance.

On May 14, 1980, after the close of the half-year, the Bank issued a further \$50 million of debentures, bearing interest at 13½% and maturing in 1985.

R. E. HARRISON
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

AR29

CANADIAN IMPERIAL BANK OF COMMERCE

HEAD OFFICE
COMMERCE COURT
TORONTO, CANADA

M5L 1A2



CANADIAN IMPERIAL
BANK OF COMMERCE

INTERIM REPORT

For the six months ended

April 30, 1980

CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
R. E. HARRISON

PRESIDENT
AND CHIEF OPERATING OFFICER
R. D. FULLERTON

STATEMENT OF REVENUE AND EXPENSES

(in thousands of dollars)

	For the three months ended April 30		For the six months ended April 30	
	1980	1979	1980	1979
REVENUE				
Income from loans	\$1,413,199	\$ 878,984	\$2,685,538	\$1,726,105
Income from securities	115,649	112,276	224,903	216,110
Other operating revenue	76,404	56,145	150,273	113,976
Total revenue	1,605,252	1,047,405	3,060,714	2,056,191
EXPENSES				
Interest on deposits and bank debentures	1,273,743	765,068	2,413,512	1,483,730
Salaries, pension contributions and other staff benefits	158,481	138,689	304,733	268,655
Property expenses, including depreciation	42,480	35,754	82,756	71,395
Other operating expenses, including provisions for losses on loans based on estimated five-year average loss experience (note 1)	83,027	68,462	160,060	134,503
Total expenses	1,557,731	1,007,973	2,961,061	1,958,283
Balance of revenue	47,521	39,432	99,653	97,908
Provision for income taxes relating thereto	200	(1,500)	6,300	6,900
Balance of revenue after taxes (note 1)	47,321	40,932	93,353	91,008
Per share (note 2)	\$1.21	\$1.05	\$2.38	\$2.33
Dividends declared	17,638	15,677	35,276	31,310
Per share	45¢	40¢	90¢	80¢

NOTE 1: In addition to the provision for losses included in other operating expenses, an appropriation is made out of earnings at each year-end to provide for losses not yet known which may be incurred on realization of existing loans together with possible losses on securities and other assets. The amount of such appropriation has not been provided for in the interim financial statements and will be determined at the end of the year.

NOTE 2: The balance of revenue per share figures have been calculated on the weighted monthly average number of outstanding equivalent fully paid shares which, for the three months and six months ended April 30, 1980 was 39,195,000 compared to 39,171,906 and 39,112,773 respectively in the same periods in 1979.

BALANCE SHEET HIGHLIGHTS

(in millions of dollars)

	As at April 30		% Increase
	1980	1979	
Total assets	\$51,163	\$41,955	22
Total loans	31,970	25,394	26
Deposits			
In Canadian dollars	28,421	25,085	13
In foreign currencies (Canadian dollar equivalent)	17,655	13,082	35
Total deposits	46,076	38,167	21

The interim figures shown in this Statement are subject to year-end adjustment and audit.